The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Threats and Loan Offers Involved in Japan's Pressure for "Cooperation"

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SATURDAY, FEBRUARY 23, 1935 VOLUME 71, NUMBER 13

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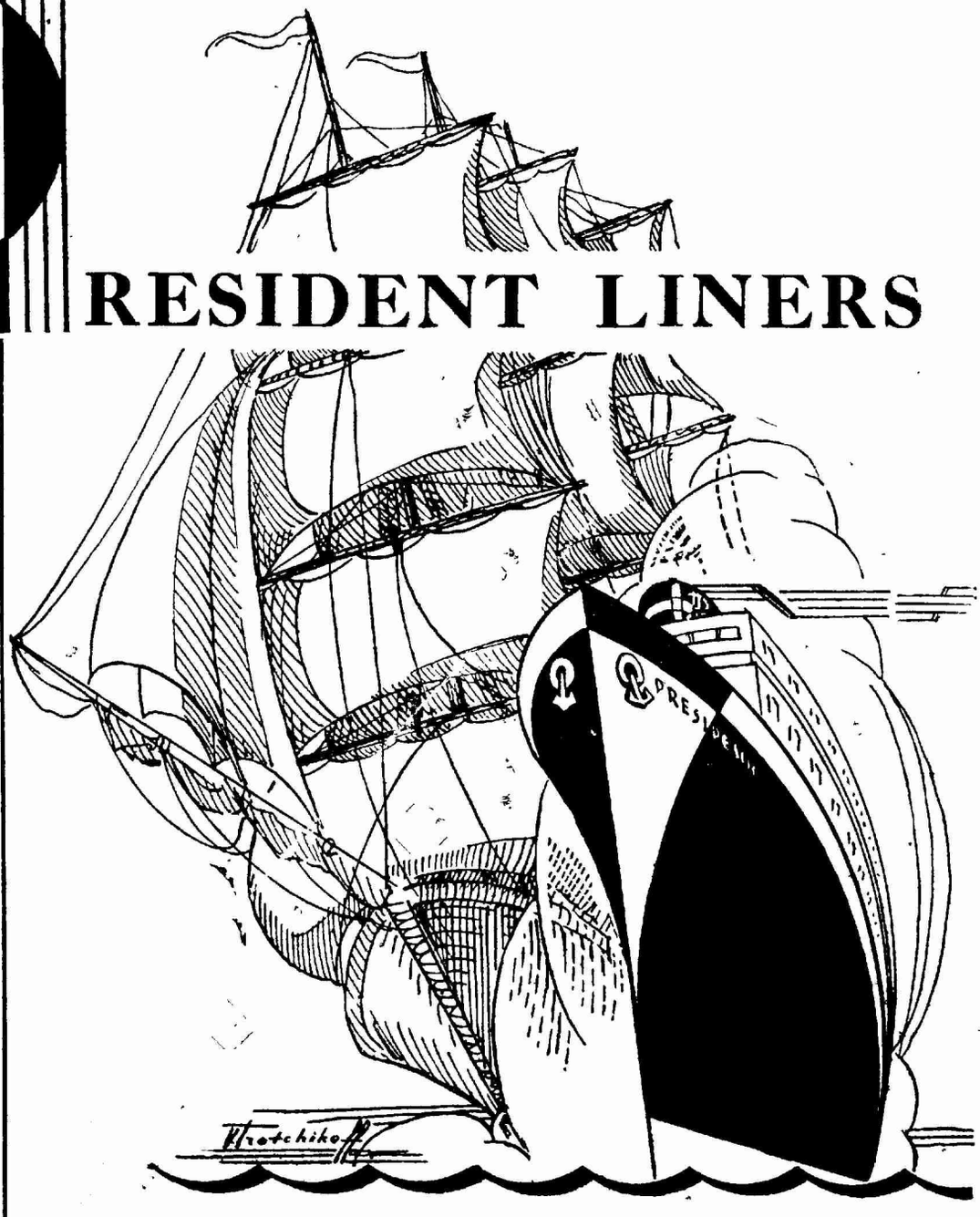

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11.55 *dep.*	Amoy	*arr.* 9.35
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February 20, 1935
Business Done:
Total Volume:- 1,100,000 Shares

1933-34 High	1933-34 Low	Div. $ per sh.	STOCKS	Last Sale Feb. 18	Last Sale Feb. 19
115⅝	47⅛	3.00	Air Reduction	114	113¼
33	11¼	1.20	Alaska Juneau	18	17⅞
160¾	70¾	6.00	Allied Chemical	139⅝	139¾
26⅝	6	—	Allis Chalmers	17⅜	17⅞
42½	9¼	0.80	Am. Brake Shoe & Fdry.	26½	26½
121⅞	49½	4.00	American Can	121⅝	119¾
89⅞	13	—	Amer. Commil. Alcohol	30	29¾
22½	8¼	0.40	Amer. Cyanamid "B"	17¼	17⅜
19⅝	3¾	—	American & For. Power	4⅛	3⅝
39⅛	5⅞	—	American Locomotive	18	17¼
19	4⅝	—	American Radiator	14¼	14½
53½	10¾	—	American Smelting	37½	36¾
134¾	86½	9.00	American Tel. & Tel.	105	104
94¾	50¾	5.00	American Tobacco "B"	82	81¼
43¼	10⅝	1.00	American Waterworks	11¼	10½
22⅞	5	—	Anaconda Copper	11⅜	11
35¼	12⅝	1.00	Atlantic Refining	25	25
84¼	16⅞	—	Auburn	25	25
27⅞	8¼	—	Baltimore & Ohio	13⅝	12¾
49½	10⅛	—	Bethlehem Steel	31⅞	30¾
11	6¾	—	Boeing Airplane Co.,	9⅜	9
31⅝	5½	1.00	Borg Warner	31⅝	30¾
20⅞	7⅛	—	Canadian Pacific Railway	12⅝	12⅜
103½	30½	—	Case, J. I.	60⅞	59½
40¾	15⅞	1.40	Chase National Bank	25¾	25⅝
52½	14⅞	2.50	Chesapeake Corporation	41	41⅝
60⅜	7⅝	1.00	Chrysler	41⅛	39⅞
28⅛	5½	—	Columbia Gas & Electric	5⅞	5⅝
57¼	9	0.60	Coml. Solvents	21⅝	22⅛
6⅛	1	—	Commonwealth & Southern (ord.)	1⅛	1
64¼	17¾	1.00	Consolidated Gas of N. Y.	17⅞	17¼
72¼	23¾	2.40	Continental Can	72¼	71
23¾	4⅞	1.00	Continental Oil	18¾	18⅛
90⅝	45⅝	3.00	Corn Products	67½	67⅞
9⅞	2	—	Coty Inc.	6	6
28⅛	10¼	—	Douglas Aircraft	23¼	22½
103⅞	32⅛	2.60	Du Pont de Nemours	97¼	96⅞
123	46	4.00	Eastman Kodak	123	122¼
31⅜	10	—	Electric Auto Lite	27	26¼
41⅝	5	—	Electric Bond & Share	5⅛	5⅛
19	8¼	—	Fox Film "A"	11	11⅛
50⅜	16⅛	1.00	Freeport Texas	23	23⅛
43⅜	13¾	1.00	General America Transport	37	36⅜
30¼	10½	0.60	General Electric	25⅛	24½
39⅞	21	1.80	General Foods	35	35½
42	10	1.00	General Motors	32⅜	32¼
28⅜	8¾	1.00	Glidden Co.	27¼	26⅜
27⅜	12	1.20	Gold Dust	17⅜	17⅝
47¼	9¼	—	Goodyear Tire & Rubber	24	22⅝
50¾	7½	—	Illinois Central	15⅛	13⅜
40	6½	0.25	International Cement	29⅜	28¼
46⅞	13¼	0.60	International Harvester	42¼	41½
29¼	6¾	0.60	International Nickel	24⅜	23⅛
21⅜	5½	—	International Tel. & Tel.	9¼	8⅞
66⅜	12¼	—	Johns Manville	53⅜	52¼
26	7⅜	0.60	Kennecott	17½	16⅞
110	49	4.00	Liggett & Myers "B"	105⅜	105⅛
37¼	8¼	1.00	Loew's Inc.	35½	34⅜
25¼	10⅜	1.20	Lorillard	20⅜	20⅜
35⅜	8⅜	—	Montgomery Ward	28¼	27¼
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33¼	16¼	0.50	National Distillers	29	28½
58½	14⅞	—	New York Central	19	18⅜
26⅛	10¾	1.00	North American	11⅜	11⅜
96⅜	31½	4.00	Owens Illionois Glass	90	89½
31⅜	13¼	1.50	Pacific Gas & Electric	14	13⅜
43⅜	21	3.00	Pacific Lighting	23	22
6⅞	1⅜	—	Packard Motors	4⅞	4⅜
42½	13⅜	1.00	Pennsylvania Railroad	23	22½
20⅜	4⅜	1.00	Phillips Petroleum	15⅜	15⅜
12¼	3	—	Radio Corporation	5⅜	5⅜
54¼	26¼	3.00	Reynolds Tobacco "B"	48½	48⅜
51⅜	12½	—	Sears Roebuck	36⅞	36
19⅞	6	0.60	Soceny-Vacuum	14	13⅝
28	10¼	1.50	Southern California Edison	12¼	11⅜
22½	3½	—	Standard Gas & Electric	3⅝	3½
50½	22⅜	1.00	Standard Oil Co. of N. J.	41⅜	41⅛
66½	45¾	3.80	Sterling Products	62⅝	63
30⅛	10⅜	1.00	Texas Corporation	20½	20½
9⅜	2⅜	.12½	Transamerica	5⅜	5¼
51⅞	19⅜	1.40	Union Carbide & Carbon	48¼	48¼
133⅞	61¼	6.00	Union Pacific	102	101½
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14½	2	—	United Corporation	2⅛	2
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62½	21¼	2.00	Universal Leaf	57	57
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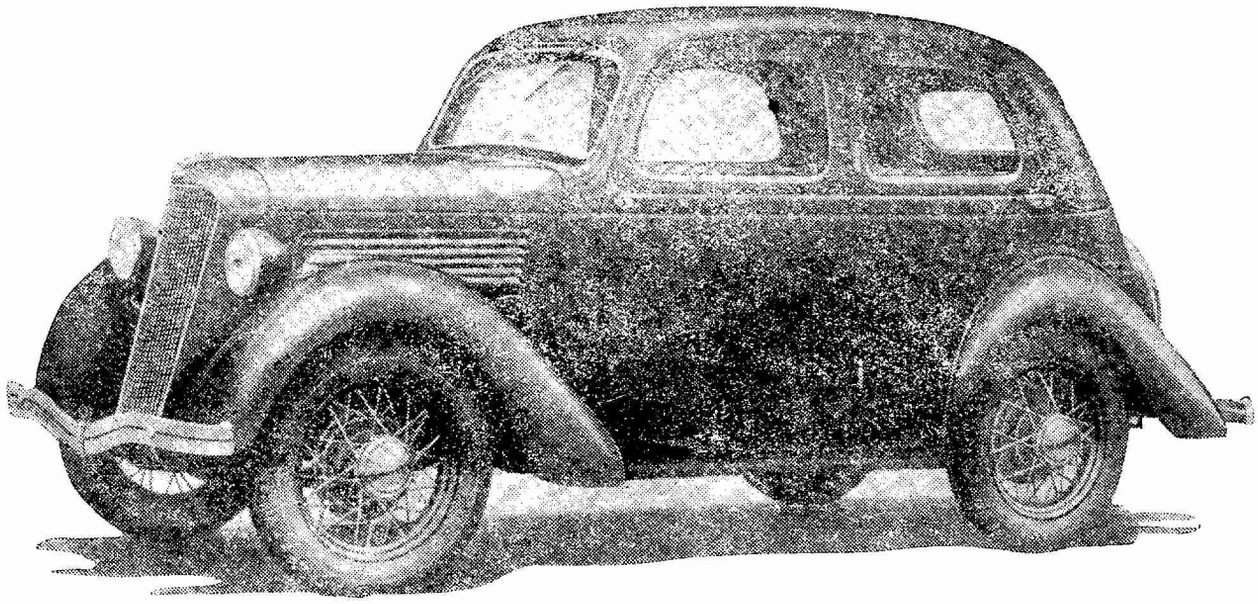

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The China Weekly REVIEW

Formerly Millard's Review

中華郵政特准掛號立券之報紙

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Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA. TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

CHANG'S ALLEGED $500,000 BRIBE BECOMES DIET BOMBSHELL

WHEN the Japanese Kwantung army in co operation with Japanese ronin, reservists and other adventurers seized Mukden on the night of Sept. 18, 1931, one of their first acts was to rifle the private homes of all Chinese officials in the city, among them the house of Gen. Chang Hsueh-liang. Vast sums of money, jewelry and other properties were taken, of which there naturally has never been any accounting.

When Marshal Chang Hsueh-liang, then in a hospital at Peiping, was informed of the looting of his private residence and the opening of the private safe in his house at Mukden, he is reported to have told a friend that the Japanese would get a surprise when they examined the papers they had extracted from his safe. His forecast that the Japanese would get a "surprise" has turned out to be correct, for among the papers was a receipt for $500,000 which Chang, or his father, the late Marshal Chang Tso-ling, had given to a Japanese. The *Japan Chronicle*, British paper at Kobe printed a long article on the subject at the time, but did not give the name of the Japanese recipient of the $500,000. Now it turns out that the real recipient of the $500,000, allegedly a political "bribe" was none other than Takejiro Tokonami, present Minister of Communications in the Okado Cabinet. The receipt apparently does not contain Mr. Tokonami's name, but bears the signatures of two former members of the House of Representatives in the Diet who were close personal associates of Mr. Tokonami. The former Diet members Akatsuke and Tsuruoka, whose names appeared on the receipt allegedly have disappeared.

After serving as the subject of an underground whispering campaign for nearly four years the matter of the $500,000 Chang "bribe" has now become a first-class political scandal in the Diet and may result in the resignation of the Okada Cabinet. That Mr. Tokonami will be forced to resign appears contain. Gen. Chang Hsueh-liang, now stationed in Hankow, has kept silent on the matter, apparently enjoying the discomfiture of his Japanese enemies over a small piece of paper which apparently constitutes evid-

ence of political corruption in high places in the Japanese Empire. Why Gen. Chang, or his father the late Marshal Chang Tso-ling, paid such a large sum to a Japanese politician is not known, but the Japanese military authorities allege that it constituted a "bribe" to political groups in Japan who were following a mild or "friendship" policy toward China. In other words the presumption is that Japanese officials responsible for moderate policies toward China were in the pay of the Chinese; at least that is the way the Japanese warlords would have the public think.

The matter became a subject of political debate in the Diet on Jan. 5 when members of the Seiyukai, or leading party in the lower house charged that a military officer, Major Tanaka, had collaborated in the publication of a political pamphlet which charged that Communications Minister Tokonami was the actual recipient of the Chang bribe of $500,000. Tokonami previously had been a leader in the Seiyukai, but had aroused the ire of the rank and file of the party by joining the Okada Cabinet as Minister of Communications. Koichi Seko, a member of the Seiyukai on Feb. 9 demanded that Tokonami should either resign from the Government or offer proof of his innocence with respect to the Chang "bribe". Tokonami, in replying, was quoted in the *Nichi-Nichi-Shimbun*, "I am suspected of having received a sum of $500,000, but I never touched the sum with my hand .... the receipt does not contain my name .... there is a suspicion that since my name is connected with it that I must have received the money .... I regard it as unreasonable to make such charges without offering proof .... Whether I should resign depends upon the time and circumstances .... I think this is a case where consideration should be given to whether such an act would or would not be proper, etc., etc." Lieut.-Colonel Hanaya, an officer of the Tokyo General Staff, now stationed in Tsinan, capital of Shantung province, apparently was in Mukden when the Japanese military rifled Gen. Chang's private safe. In a recent interview published in the Japanese papers he told of the finding of the receipt and declared that Minister Tokonami was in Mukden at the time the money was handed over and had called on Gen. Chang, the date being August 13, 1928. Col. Hanaya declared further that Minister Tokonami should submit to judicial examination in order that the charge might be sifted legally.

In the meantime the Japanese newspapers are competing with one another in publishing exaggerated stories and in trying to obtain statements from the former Diet members, Akatsuka and Tsuruoka, whose names appear on the receipt and who apparently have gone into hiding. The military authorities apparently have the receipt for the money locked up in their office at Mukden, but thus far have failed to produce it for official examination in Tokyo. The military clique, of course, is using the incident to discredit the party politicians and further the move toward a military fascist dictatorship. As for Minister Tokonami, he is obviously embarassed over the issue and has caused to be issued several explanations, one being to the effect that Gen. Chang had loaned the money to Akatsuka, who, it now develops was Japanese Consul-General at Mukden at the time, for the purchase of Manchurian soya-beans. The name of Major-General Kenzo Doihara, head of the so-called special service department of the Kwantung army (recently in Shanghai) has also been brought into the matter, as he allegedly was also in Mukden at the time of the opening of Gen. Chang's safe and likewise saw the receipt for the $500,000 "bribe."

Gen. Chang Hsueh-liang, the ousted ruler of Manchuria, and alleged chief figure in the Japanese political tragi-comedy is maintaining a discreet silence, apparently feeling that there may be some truth in the old adage that when thieves fall out, honest men may benefit thereby, or whatever the Chinese equivalent for that saying may be.

JAPANESE SPOKESMAN CRITICIZES SECRET DIPLOMACY

BUNRIKU YOSHIOKA, editor of the Tokyo *Nichi-Nichi*, declared in the course of an article in the last issue of *Gaiko Jiho*, that the time had arrived for Japan to make a complete departure from secret diplomacy and negotiate with Nanking fairly and squarely before the tribunal of public opinion. Mr. Yoshioka's reference to secret diplomacy in the relations of Japan and China was preceded by a criticism of Akira Ariyoshi on the ground that the present Japanese Minister "has a striking aversion to any public revelations regarding subjects which he had discussed with the Chinese authorities at Nanking." In this connection he quoted a recent statement by Mr. Ariyoshi in defense of secret diplomacy on the grounds that "the present Nanking political situation is such that if any negotiations proceeding between the two countries are made public, opposition will inevitably be raised from among Chinese officials, with the probability that such negotiations will prove abortive, while jeopardising the position of the Chinese officials participating in such talks." Mr. Yoshioka declared further that the history of Sino-Japanese relations since the Sino-Japanese war consisited for the main part of treaties brought into existence through secret talks between statesmen of the two countries, and since this had led to the Manchurian and Shanghai incidents, he was convinced that this type of diplomacy should be thrown overboard in favor of open negotiations. Mr. Yoshioka at the beginning of his article expressed the view that Nanking's present friendly overtures "were due solely to the Chinese fear of the Japanese army," but he also admitted that this fear of the Japanese army was not confined to Chinese officialdom but also extended to the Japanese Foreign Minister, Koki Hirota, "who likewise stands in dread of a formidable power armed with a sword." He declared that "if this sword were sheathed, Hirota's China policy would follow exactly in the wake of that of Baron Shidehara, originator of the so-called 'friendship' policy which prevailed

in the relations of the two countries prior to the Mukden incident of 1931." The policy of the Nanking Government, in the opinion of this well known Japanese spokesman, is of a dual nature. "Nanking is strong against Hirota, but meek before the power behind him .... In this manner the Chinese Government follows a policy toward Japan of resistence, on the one hand, and of compromise on the other, a policy that transcends modern conceptions of international politics .... Acting as it does, the Chinese Government makes trivial gestures in favor of better Sino-Japanese relationship, but at the same time it is bent on contriving all conceivable steps to trouble Japan .... As a matter of fact the Chinese Government may be compared to a man with a feigned smile on his face, but bitterness in his heart with a feeling akin to animosity .... With this policy Nanking carries on with the skill and dexterity of a Chinese juggler...."

IMPERIAL JAPAN VERSUS CHINA AND THE SOVIET UNION

THERE is nothing that would do more to deflate war rumors in this quarter of the world than a genuine understanding on the part of Japan, China and the Soviet Union. If Japan could re-establish relations with China and the U. S. S. R. on a normal basis and thereby eliminate the suspicion and bitterness which have prevailed since 1931, it would immediately pave the way for a naval-reduction understanding on the other side between Japan-America-Britain. Everbody could then cut down on military expenditures and divert the money into productive channels and that in turn would gradually eliminate the economic rivalries which are accompanying the war-preparation programs.

But it is difficult to see how this happy state can be brought about unless the Japanese are prepared to make some fundamental alterations in their policies toward their neighbors. Since the first of the year the newspapers on both sides of the Yellow sea have been filled with reports about Japan's new policy toward China, but a careful analysis of those reports, official and otherwise, narrows down to the Japanese demand that China should immediately discontinue all anti-Japanese activities. This is what Japanese Minister Akira Ariyoshi and Military Attache, Lieut.-General Yoshimichi Suzuki told Gen. Chiang Kai-shek at Nanking and the same song is being echoed up and down the China coast by innumerable other emissaries of the Tokyo General Staff and the Kwantung army headquarters in Manchuria. There hasn't been a single word about concessions which Japan might be willing to make in order to induce the Chinese people to become friendly again. There have been some hints about Japanese loans to help China weather the present economic and currency crisis, but most of these schemes also narrow down to the major Japanese plan to obtain control of China's essential industries. Take the cotton situation: here it is rumored that Japan would be willing to advance China a large loan for the purpose of encouraging large scale cotton cultivation, but in order to obtain this loan it would be necessary for China to lower her tariff on Japanese cotton goods and at the same time give up all idea of developing an independent cotton manufacturing industry. The Japanese cotton mill magnates are becoming worried about the increasing price of raw cotton in the United States, for that is rapidly eliminating the differential which enabled Japan to manufacture cloth in competition with Manchester. Therefore the Japanese now turn to China and say, "Let us get together," but there is no hint of any assistance that would help the Chinese in their struggle to become industrially independent. On the contrary the Japanese are saying to the Chinese: "Forget the Manchurian issue and the slaughter of Chapei and help us fight the West!"

On the Siberian front the situation is quite similar. The Japanese warlords have almost completely eliminated Russian economic interests in north Manchuria, interests built up over a period of 200 years, and after consolidating their military position in that area for a further push into Mongolia and possibly also into Siberia, they are now telling the Russians that the time has arrived for settling outstanding issues and re-establishing the relations of the two countries on a normal basis. In this connection Japan would be willing to adjust the dispute about fisheries and northern Saghalien oil and possibly purchase some of Russia's products, particularly pig iron. But here again, the Japanese are not interested in helping the Russians; they are only interested in using the Russians against other nations which are now adopting retaliatory policies against Japan.

It is therefore difficult to see how there can be any genuine reconciliation on the part of Japan with respect to either China or the Soviet Union. The Japanese warlords intend to hold Manchuria and use the territory as a military base for future operations south, west and north. The 30,000,000 Chinese peasants in that territory are being saddled with the burden of supporting Japan's schemes for further continental conquest, but since they are unable to bear all of it, the Tokyo General Staff is now turning to China with the object of unloading a portion of the burden upon the shoulders of the Chinese people generally. They may succeed here, temporarily at least, because the Chinese people are more or less defenseless from the standpoint of protecting themselves against the Japanese military menace, but the situation is quite different on the Soviet front where the Russians have developed a formidable military machine of their own. But even though the Chinese authorities at Nanking, for reasons of expediency, may agree to some of the Japanese demands, this does not mean that the Chinese people will throw over their nationalistic sentiments and become spokes in the wheels of the Japanese juggernaut. This was indicated last week in the campaign launched by Gen. Ho Chien, chairman of the Hunan provincial govern-

ment, to encourage the people of his province to "buy Chinese." Government officials and students have been instructed to wear only Chinese manufactured clothing and a large emporium has been constructed in the provincial capital with the object of promoting the production and consumption of Chinese goods. Campaigns similar to this are in progress all over the country; in fact have been in progress for several years, hence we can see little prospect of the Chinese scrapping their growing industrial program and becoming an appendage of Osaka.

In this connection we know of nothing better calculated to stimulate increased Chinese effort toward independence than statements such as those recently made by Major-General Kenzo Doihara, popularly known as Japan's "super-intriguist" who is now touring China and lecturing Chinese officials on how they should conduct their affairs. In a statement broadcasted through *Rengo* while he was in Shanghai, Gen. Doihara demanded the dissolution of the "All-Nanking National Goods Buying Society," an organization formed several months ago for the purpose of fostering the production and consumption of Chinese goods. In the eyes of the Doiharas, Suzukis, Kasegas and other emissaries of the Tokyo General Staff and the Kwantung military headquarters in Manchuria any move on the part of the Chinese to stimulate production and consumption of their own native-made merchandise, is to be regarded as a boycott of Japanese goods. So it is fundamentally, but we do not see how the Japanese warlords can stop it unless they conquer the country and burn all the Chinese factories as they did in Chapei early in 1932.

AN ENGLISHMAN WHO TAUGHT JAPANESE TO THE JAPANESE

BASIL Hall Chamberlain, one of the most brilliant Englishmen ever to study the Far East, and the world's most eminent authority on Japan, died in England on February 16. The late Mr. Chamberlain enjoyed the unique distinction of having been the world's greatest authority upon the Japanese language, recognized as such by the Japanese themselves, and for years held the position of professor of the Japanese language at the Tokyo Imperial University. Mr. Chamberlain came out to Japan more than half a century ago, becoming English teacher at the Imperial Naval School at Tokyo, and instructing the first officers of Japan's modern navy. Devoting himself seriously to the study of the Japanese language, he analyzed it according to the principles of modern grammar, and wrote the first grammar of the Japanese tongue ever published. Later, in addition to his work at the Tokyo Imperial University, he made many translations from modern and archaic Japanese into English, as well as many original studies of Japanese life and customs. The most valuable and brilliant of his general writings on Japan was "Things Japanese."

In spite of his intense and profound study of Japan and the Japanese language and literature (his studies and translations of Japanese poetry and poetic dramas are of outstanding value both as translations and as literature), Chamberlain never became submerged in the thought of Japanese scholars so as to lose his own keen sense of understanding and criticism of things. In this he was rather unusual, as so many Sinologues and "Japanologues" have become so absorbed in their studies that they become simply Chinese or Japanese scholars, losing wholly their objectivity of approach. Chamberlain, however, retained throughout a most keen and critical viewpoint, evidenced best of all in his little pamphlet, "The Invention of a New Religion,"—a most profound study of the workings of the Japanese mind, and the recent invention of Emperor-Worship (which was invented, together with Bushido, during the time Chamberlain was himself in Japan) for political purposes—among a people most of whom, a century ago, probably did not know that an Emperor existed. This little booklet is an invaluable study of Japanese psychology and Japanese political thought. In addition to his complete mastery of English and Japanese, Chamberlain was also a French scholar, and published some beautiful verse in the French language. In his later years he mastered ancient Greek and Latin. He was the rare combination of a brilliant linguist and a genuine and profound scholar in other ways.

CHINESE SENSITIVE TO WESTERN MOVIE PRESENTATION

ARTHUR A. Young, well known Chinese writer in the United States recently contributed some interesting comment on the subject of Chinese reactions to the presentation of characters of their race in moving pictures. Mr. Young stated that Hollywood was "changing its attitude" toward China, evidenced apparently by the care which was being taken in the filming of Pearl Buck's, "The Good Earth." Sometime ago the official censorship bureau at Nanking sent a representative, Col. Theodore B. Tu, to Hollywood to assist in the production of this picture which probably will feature Richard Barthelmess in the role of Mrs. Buck's famous Chinese peasant character Wang Lung. Miss Soo Young, who served as prologuer for Mei Lang-fang on his American tour, may have the role of Wang Lung's wife, Olan.

Mr. Young made some further interesting references to Chinese pictures now in course of preparation both in America and England, some of which were not flattering. He forecasted, for instance, that Douglas Fairbanks' contemplated picture based on the travels of Marco Polo, which will be entitled, "Chinese Cavalcade," probably will only provide opportunity for the exercise of Fairbanks' "athletic buffooneries," and in no sense will be a serious presentation on a par with the original Fox masterpiece, "Cavalcade." Mr. Young forecasted that the picture "will lend fake historical emphasis on China as an everlasting

warring nation, the sort of psychological pattern already embedded in the mind of the American people."

Regarding Harold Lloyd's latest Chinese picture, "The Cat's Paw," now being shown in the United States and attracted considerable attention in Japan, but which has not yet reached China, Mr. Young said that Chinese reactions to this picture have been mixed. He said that American-born Chinese see in it "hilarious opportunities, but overlook the film's anti-Chinese slurs." However, he expressed the opinion that "The Cat's Paw" was an improvement on Lloyd's "Welcome Danger" which caused serious complications when shown in China and resulted in Lloyd films being barred from many theatres in China for a consierable period.

Anna May Wong, the only Chinese girl who has really succeeded in Occidental movies, is now appearing in a London-made picture, "Chu Chin Chow," the Arabian Nights' film operetta. Also, Miss Wong is scheduled for leading parts in further Chinese pictures called "Limehouse Nights," grim stories of London's Chinatown by Thomas Burk. The title will be "Limehouse Blues." Mr. Young declared that it was unfortunate that Anna May Wong is continuing to appear in roles "that reflect against the race." He also referred in his article to a new Chinese character in American fiction which he declared was an improvement on "Dr. Fu Man-chu," which ran for many years in *Collier's* and constituted "weekly mental poison against China." The new character is "James Lee Wong, Graduate of Yale," who appears as a shrewd Chinese Detective in a new series by the writer Hugh Wiley.

Finally, Mr. Young referred favorably to Walter Orlando who was described as "redeeming his face" by appearing in a new picture, "Charlie Chan's Courage," a picture based on Earl Derr Biggers' original, well known throughout the western world. The character "Charlie Chan," also is appearing in a further picture, "Charlie Chan in London," which also is popular and which, in Mr. Young's opinion, does not reflect unfavorably on China.

Owing to the strictness of Chinese consorship of foreign movies in general and particularly of those depicting Chinese characters and scenes, none of the above-mentioned films have been exhibited here, which is unfortunate, at least from the point of view that it might be educative at least for the Chinese people at home to see how their race is depicted before the millions of movie-goers in Occidental lands.

Alleged Shanghai Bank Embezzler Arrested in Hongkong

Hua Chung-chu. an employee in the Issue Department of the Agricultural and Commerce Bank, Shanghai, who allegedly ran away with over $42,000 from the Bank with two sing-song girls, was arrested in Hongkong Feb. 16 and will be extradited to Shanghai for trial under escort of two detectives of the Shanghai Municipal Police, who followed him from Shanghai to Hongknog in a plane.

CHINESE CLOSE 9 GAMBLING JOINTS, SETTLEMENT CLOSES ONE

MAYOR We Teh-chen of the Municipality of Greater Shanghai staged a general raid on Chinese gambling joints in the areas under his control on the night of Feb. 19th, and closed nine places which had been operating in the Pootung district. Some 20 gamblers and proprietors of houses were arrested and considerable equipment was seized. The raid, conducted by the Chinese Bureau of Public Safety, apparently was quite skillfully managed as the police succeeded in gaining admission to the houses before any warning was given. The clean-up was complete. The Chinese authorities who control the Municipality of Greater Shanghai, the densely populated areas adjoining the foreign settlements, have never permitted gambling in their section and apparently do not intend to permit it in future.

Turning to the International Settlement which is controlled by foreigners, we find on Page 2 of the *North-China Daily News*, popularly known as as the "official organ," a little story telling of a police raid conducted on last Monday evening *on one lone gambling joint*, located in House No. 6, Lane No. 135 Kiangsi road. More than 100 Chinese gamblers were in the house at the time, but only nine were arrested and fined. One, a 22-years old shop-keeper jumped from a third-floor window and was killed. The report made no mention of the proprietors of the institution, who apparently escaped.

Whether this raid on one lone gambling house located within the jurisdiction of the Central police station constitutes the actual beginning of a long-needed clean-up of gambling in the International Settlement cannot be determined at this time. There is hope that it does constitute a beginning because the International Settlement has become the base of activities of one of the worst gambling rings that ever operated on the China coast. As indicated in previous references to this subject which have appeared in *The Review* most of these gambling joints, catering to both foreigners and Chinese, are located in the western or residential districts. Practically all of the houses are registered in the names of foreigners possessing exterritorial rights, thus are immune from prosecution in the Chinese courts. The customers of these places are mostly Chinese, including officials of the National Government who come to Shanghai from Nanking at the week-ends. The houses are conducted in open violation of law and the foreign officials cannot claim lack of knowledge of the situation, because complaints have been lodged with the police regarding large losses by victims.

We venture the suggestion that if the Bubbling Well and Gordon Road police stations in the International Settlement would conduct a gambling raid and do it as efficiently as Gen. Wu Teh-chen conducted the raid in the Chinese city, that more than 1,000 gamblers and proprietors of houses could be bagged on any night in the week.

Minister of Communications Urges Early Extension of Wireless, Radio and Aviation

Dr. Chu Chia-hua, minister of communications, in a broadcast speech from Nanking, Feb. 15, outlined several ambitious projects which the Ministry of Communications expects to realize this year. Among the schemes which the Minister made particular mention of were the following:

1. Direct wireless communication with India, Australia and Canada.

2. Radio telephone service both within China and with foreign countries.

3. Completion of a telephone service linking up nine provinces.

4. Inauguration of an air service between China and Rangoon via Yunnan.

Dr. Chu began his address, which dealt mainly with the activities of all the departments under his ministry, by outlining postal reforms for 1935, chiefly the opening of more post offices in the interior and border provinces. He said he noted with gratification that, after years of deficits, the Postal Administration had a surplus of $1,200,000 for the fiscal year 1933.

Great strides, he continued, had been made in the development of wireless and telegraphic communication. Dr. Chu added that the ministry had purchased a number of 3½ kilowatt transmitting sets, which would be installed in Tientsin and Tsingtao, enabling stations at these places to send radiograms to Japan, the Philippines and Annam.

The ministry, he said, also was planning to erect radio telephone stations in Shanghai, Canton, Tientsin and Hankow, with Shanghai as the central point for connecting with foreign countries and also with those parts of China served by long distance telephones. Turning to civil aviation, Dr. Chu stated that, in addition to increasing the services on the existing lines, the ministry intended to inaugurate air transport between Sian and Chengtu and between Canton and Kwenmin, the capital of Yunnan. Arrangements were also being made, he concluded, for a China-Rangoon air service via Kwenmin.

China Merchants S. N. Co. Being Reorganized

Dr. Chu gave details of the reorganization of the China Merchants S.N. Co., and expressed the hope that a settlement with the creditors of that company would be affected by the end of this year. Ever since the China Merchants S.N. Co. became a government enterprise no effort toward making it a success has been spared and the purchase of four coasting steamers is a proof of the Government's intentions. With the establishing of through bill of lading between land and sea, the company's northern, southern and Yangtze lines can make connections with all railways. In view of the importance of the Lung-hai Railway, the company established last year an office at Haichou to handle the through bill of lading traffic, with the result that the Company's income has considerably increased. The Company's wharfs and godowns have been improved and new ones built. The comprador system is being gradually abolished and instead of a comprador a bursar is employed under the direct control of the company. This is being tried out on the new ships later to be extended to all ships.

The income of 1933 increased 25 per cent as compared with the average income of the four years from 1929 to 1932. The figures for the last half of 1934 are not yet available, but the income of the first half of 1934 increased 31 per cent as compared with the average income of the same period of the four years from 1929 to 1932.

The debt of the company is so heavy that the annual interest amounts to over two million dollars. Although the profit for last year amounted to over $400,000, this sum can only cover a small part of the enormous interest. The company has been instructed to inform its various creditors and it is hoped that a settlement with them will be effected before the end of the year.

As it is the intention of the Ministry to increase the tonnage for coasting and inland services, separate negotiations for the purchase of 24 ships with aggregate tonnage of 70,000 were begun last autumn.

China National Aviation Corp. to Put New Planes into Service

The China National and the Eurasia Aviation Corporations are quite sound in their internal organization, and have always paid attention to the training up of competent Chinese pilots.

The China National Aviation Corporation is operating three lines, namely, the Shanghai-Szechuen, the Shanghai-Peiping and the Shanghai-Canton, among which the Shanghai-Szechuen line has made the greatest progress inasmuch as it has now taken Chengtu as the west terminus. Plans have been drawn up for further extension from Chengtu to Patang, thence to Lhassa, with the hope of bringing Sikang and Thibet within easy reach.

New planes will be put into service for the Shanghai-Peiping line this summer so as to make possible a daily trip each way. The Tsingtao-Weihaiwei line by way of Chefoo will also be started. The Shanghai-Canton line, when first put into operation last year, was not quite successful owing to climatic variations along the coast.

A reduction of 20 per cent has been made in the passenger fares since last year and a further reduction of 20 per cent may be made beginning next year. New planes have been ordered and in May of this year the old ones now in operation in the different lines may be replaced.

Eurasia Company to Develop New Routes

The Eurasia Aviation Corporation has met with divers obstacles ever since its establishment and therefore the original plan of direct flights to Berlin has never been carried out. In 1933 the Shanghai-Sinkiang route was opened, flying as far as Tahcheng via Urumtchi. But owing to the local unrest in Sinkiang, the route was soon cut short, now flying only as far as Lanchow as its west terminus. The Corporation, however, will extend the existing route to Ha-mi in April this year.

It is further planned to increase the number of flights in the latter part of this year in the Peiping-Canton, the Lanchow-Ninghsia and the Ninghsia-Paotow routes, all of which were put into operation last year. Plans for the Sian-Chengtu and the Canton-Yunnan routes and direct routes from Yunnan to Rangoon are being studied. Passenger fares and freight charges have been reduced by 25 per cent. since last month.

Post Office Shows Handsome Profit

"At present, the crisis on the history of the postal service is happily over and discipline and order have been gradually restored," said Dr. Chu, adding that "the financial statement of the service for the last fiscal year shows a profit of more than $1,200,000, not including that part ot the gross profit transferred to the account of the payments made for the development of commercial aviation. The postal service has, however, to make up the losses previously incurred. Now that private mailing offices are wholly abolished. the postal serivce may be said to be truly unified."

Special attention is now paid to loaning funds to the farming population. To this end, a system was tentatively started by the Hunan District last year. Some other districts will also be selected to experiment with these systems this year.

The system of transfers of postal savings accounts is difficult to introduce because of the complicated standards of currency in this country. Now that the necessary preparations have been completed in principle, the system will be introduced in the Chekiang, Su-Wan, Shantung, Hopei, Peiping and Shanghai Districts this year as an experiment.

The Ministry has worked out a formula to introduce a Post Office Life Insurance system into this country, and it is now under study by the Legislative Yuan and will be published shortly. The maximum amount of insurance is provisionally fixed at $900.

Ministries Take Steps to Maintain Equilibrium in Cotton Prices

In order to curb speculation in the cotton and cotton yarn exchange market, representatives of the Ministries of Finance and Industry and the Cotton Control Committee, under the National Economic Council, met in Nanking Feb. 15 to consider the basic principles governing measures of prohibition. It is understood that the Ministry of Industry is arranging to maintain, as far as possible, an equilibrium in the market prices of raw cotton and cotton yarn as fixed in the Cotton Exchange at Shanghai.

Court Deposits to Draw Interest

A set of measures relating to the payment of interest on money deposited with the Courts in connection with lawsuits has been adopted and promulgated by the Ministry of Judicial Administration. The measures, which will go into effect in March, provide that all moneys deposited with a Court by a litigant as guarantee or bailment, in civil or criminal cases, to the value of $100 or more, for a period not less than one month, shall be paid interest from the day of deposit till the day of reimbursement.

Nine New Salt Warehouses to Be Built

The Ministry of Finance has decided on the construction of nine salt warehouses as follows:—Hunan: Changsha, Yochow, Hengyang; Hupeh: Hankow, Sinti; Kiangsi: Kiukiang, Hokow; Anhwei: Tatung, Wuhu. The cost of each godown is not to exceed $100,000.

Central Lumber Co. Organized in Hunan

The Hunan Provincial Government and the lumber producers of the province have jointly organized a central lumber company,

Steady Progress Made on Canton-Hankow Railway Construction

Canton-Hankow railway officials state that the unfinished section of the line, stretching from Pingshek, in northern Kwangtung, to I-Chang, in southern Hunan, will probably be completed in May this year. The entire unfinished section will be completed in the early part of 1936 but, by May, the line from Kwangtung to I-Chang will have been constructed. I-Chang is linked to Chuchow by an excellent highway and thus, when the Pingshek-I-Chang section is complete, the journey from Canton to Hankow by rail and road will take only about three days.

More Than 500 Factories Registered With Industry Ministry

Over five hundred factories and industrial plants have been registered with the Ministry of Industry up to the present according to statistics compiled by the Ministry. Of this number, Tsinan (Shantung,) occupies the largest percentage, with Shanghai ranking next.

Branch Railway Line to Be Built to Shanghai Civic Center

Public tenders for the construction of the branch line of the Shanghai-Woosung Railway to the Shanghai Civic Center in Kiangwan, across San Min Road, will be opened on Feb. 19, it is announced by the Nanking-Shanghai Railway Administration.

Finance Ministry Rules on Savings Bank Security Deposits

According to an order of the Ministry of Finance, the amount of securities to be deposited by savings banks with the Custody Committee for the Reserve Funds against Deposits of Savings Banks,—as required by the Savings Banking Law—should be computed on the basis of the total deposits, as stated in each bank's balance sheet for the preceding year. Thus, the amount to be handed over to the Custody Committee for the second half of the 23rd fiscal year (July 1, 1934-June 30, 1935) by each bank should be based on its total deposits at the end of Dec. 31, 1934.

New Postal Administration Buildings Planned

The Directorate-General of Posts is planning to erect new buildings for the Postal Administrations in the five provinces of Szechuen, Hunan, Hupeh, Kiangsi, and Yunnan. A post office building will also be established in the Civic Center of Greater Shanghai.

Chinese Railway Earnings Up in January

The Tientsin-Pukow Railway in a report to the Ministry of Railway states that the earnings of the line in January totalled over $2,127,000. The revenue of the Peiping-Suiyuan Railway for last month was also encouraging, totalling more than $1,168,000. Compared with the corresponding month last year, the figure shows an increase of over $360,000.

Tseng Yang-fu, Provincial Commissioner of Reconstruction for Chekiang and Managing-Director of the Chekiang-Kiangsi Railway, departed from Hangchow Feb. 16 for Yushan, on the Chekiang-Kiangsi border, in order to inspect the construction work on the Yushan-Nanchang section of the line.

66 British Railway Cars Due Here in May

The Engineering Bureau in charge of the construction of the Chuchow (Hunan)-Shiuchow (Kwangtung) section of the Canton-Hankow Railway has placed an order in Britain for 66 passenger coaches and freight cars, which are expected to arrive in China in May.

Canton Sends New Mission to U. S.

A Military Mission including three experts attached to the Canton air force left Canton Feb. 6 for the United States, where they will investigate American methods of wireless telephonic communication.

Nanking Farmers to Organize Cooperative Societies

In view of the fact that the farmers in the various districts of Nanking are attempting to organize cooperative societies to promote their common interests, the Bureau of Social Affairs of the Nanking Municipality has decided to from a Cooperation Enterprise Advisory Committee with a view to giving advice and information to the farmers concerning the organization of cooperative societies. Nine experts in cooperative enterprise have been appointed to organize the advisory committee, it is learnad.

Chung Sheng Receives Contract for Central Machine Works

Tenders for the erection of the projected Central Machine Tool Works in Greater Shanghai were opened at the Ministry of Industry Feb. 15. The Chung Sheng contractors, being the lowest bidder, were awarded the contract.

Chinese Deported from to Japan to Be Sent to Work in Anhwei

Overseas Chinese residents in Japan, recently deported by the Japanese authorities, will be allowed to register for settlement in the Overseas Model Village ot Hsuancheng, Anhwei, to carry out reclamation work.

U. S. Aircraft Autos, Radios and Photo Apparatus Lead in China

The following figures on China's imports from foreign countries for the year 1934 are extracted from the Maritime Customs Report. In each instance the figures for the two chief supplying countries are shown. A Gold Unit (abbreviated G.U.) is U.S.$0.40 *gold*, or about U.S.$0.70 in paper.

Aircraft and Accessories :—U.S., G.U.3,193,008; France, G.U.756,138.

Motor Trucks and Buses :—U.S., G.U.3,409,002; Great Britain, G.U.151,817.

Motor Cars :—U.S. G.U.3,190,561; Great Britain, G.U.313,552.

Radio Sets :—U.S., G.U.1,505,771; Great Britain, G.U.308,612.

Wheat :—U.S., G.U.10,615,669; Argentina, G.U.3,346,443.

Wheat Flour :—U.S., G.U.2,053,034; Australia, G.U.781,267.

Gasoline, Naphtha and Benzine :—Netherlands India, G.U.5,825,-012; U.S., 3,433,104.

Liquid Fuel :—Netherlands India, G.U.6,750,290; U.S., G.U.3,183,619.

Kerosene Oil :—U.S., G.U.10,862,862; Netherlands India, G.U.5,700,539.

Textile Machinery :—Great Britain, G.U.$3,771,289,; Japan, G.U.2,758,405. Both countries increased their sales over the previous year very considerably.

Softwood Timber :—U.S., G.U.3,749,907; Canada, G.U.3,557,542.

Railway Sleepers (Ties) :—U.S., G.U.1,863,446; Australia, G.U.603,689.

India-Rubber Boots and Shoes :—Japan, G.U.831,616; Hongkong, G.U.78,556.

India-Rubber Tires and Tubes :—Japan, G.U.1,294,384; U.S., G.U.489,682.

Photographic Materials :—U.S., G.U.3,912,542; Germany, G.U. 1,022,997.

Imports of American Leaf Tobacco Show Increase

Out of a total of G. U. 15,902,377 of leaf tobacco imported into China during 1934, G. U. 15,548,741 came from the United States. The import from the U. S. during 1933 was G. U. 13,-421,629.

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Director of Bureau of Foreign Trade Analyzes First Half of 1934

The report on China's foreign trade for the first half of the year 1934, by Ho Ping-yin, director of the Bureau of Foreign Trade states as a result of the general trade depression, exports amounted to $269,000,000, a decrease of 9 per cent as compared with the corresponding period of 1933, while imports amounted to G.U. 288,000,000 ($569,000,000) a decrease of 26 per cent. The total volume of trade for the half-year, $828,000,000, showed a decrease of 22 per cent compared with the first half of 1933. Owing to the much larger drop in import trade during the period, the unfavorable balance of $301,000,000 showed a decrease of $173,330,000 compared with last year. While this is certainly encouraging so far as it goes, the fact must be noted that the decline is not due to any development of export trade, but to the sharp decrease in imports. If this decrease is not due to economic depression having lowered the purchasing power of the people, and is caused by the replacement of foreign goods by Chinese products, the decrease noted in the adverse balance of trade is no doubt satisfactory.

Ministry Plans to Investigate Financial Status of Shanghai Banks

A recent Nanking message stated that a thorough check into the financial conditions of Chinese banks in Shanghai will be made by the Ministry of Finance, which has appointed a special group of its staff members including Tai Ming-li, departmental head of the Currency Administration.

Six important points are outlined for the guidance of the representatives of the ministry in their inspection work. They are to find out in the first place whether the capital of a bank is the same as reported when the bank registered: secondly, whether a bank has sufficient reserves against the total amount of notes issued in accordance with the stipulations of the regulations of the ministry governing the issue of banknotes; thirdly the total amount of deposit a bank is holding; fourthly, what lines of banking are carried on; fifthly, what the ratio is between the total amount of deposits and total amount of loans; and lastly, the amount of profit or loss of business during last year.

Such a check is intended to be a measure to prevent future closures of banks due to lack of sufficient financial reserves.

Shanghai Flour Exchange Makes $123,000 Profit

A net profit of over $123,000 was realized during the last year by the Shanghai Flour Exchange, according to the latest profit and loss statement.

Rumors of Resignation of Dr. H. H. Kung Are Declared Groundless

An inquiry by the *Chekiai* correspondent at the Ministry of Finance concerning the rumors published by a Shanghai Japanese paper of the resignation of Dr. H. H. Kung, Minister of Finance,

elicited an authoritive statement that these rumors are entirely groundless. Dr. Kung has been indisposed during the last two weeks which compelled him to remain in Shanghai, but he has in the meantime fully recovered.

China's 1934 Tea Export Shows Increase Over Previous Year

According to statistics of the Ministry of Industry, China's export of tea during the past year totalled 428,667 piculs, valued at $31,842,682. This shows an increase of 8 per cent over the previous year.

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Rural Finance Is Discussed in Chinese Economic Journal

The *Chinese Economic and Statistical Review* in a recent issue discussed the subject of rural finance. It is pointed out that as a result of the drain of capital from rural districts to industrial centers, a situation verging on bankruptcy has been created. Investigation has shown that peasants in China raise most of the money they borrow from individuals. In the general average for all 22 provinces, personal loans constitute 67.6 per cent of the total, of which loans from merchants were 25.0, from landlords, 24.2, and from well-to-do farmers, 18.4 per cent. The loans from pawnshops amount to only 8.8 per cent in the general average, far less than the loans from private individuals. Loans from banks were inconsequential.

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Dr. Eddy Says Kwangsi Is Best-Governed Province in China

In a recent survey of conditions in China, Dr. Sherwood Eddy expressed the opinion that Kwangsi is the best-governed province in China. Of all the provinces he had visited, he said Szechuen in its natural resources is the richest but the worst governed: while Kwangsi is the poorest but by far the best governed of any province. The work of Dr. James Yen and that of the National Economic Council was cited as typical. But while Dr. Yen's work is deeply important and hopeful, without a single exception his projects are being opposed openly or secretly by the beneficiaries of the old order, especially the old officials, fighting to keep their own selfish profit, privilege and prestige even though China should sink to her doom.

More than seventy-five lawsuits have been brought against the work of James Yen in Ting Hsien because it is designed to rescue the long-suffering poor from the privileged classes that have always lived upon them and exploited them. "I can name officials who have steadily endeavored to block the able work of the National Economic Council by subtle or secret passive resistance. And because almost none of those projects had the bold and unqualified support of the national and provincial governments, they will all be, though enormously important, only partially successful." Dr. Eddy said and continued:

"But it is in Kwangsi that the government itself and all its leaders are working enthusiastically to make the whole plan a success. I had suggested to Generalissimo Chiang Kai-shek that in my humble opinion China needed not only new men but a new system beginning with a five-fold program. 1. To have only a few laws but enforce them; to protect the peasants from extortionate taxation; and to adequately pay officials so they will have no excuse for squeezing, as in the efficient customs service. 2. To budget, audit and publish all accounts; 3 To promptly and surely punish all offenders. 4. To reward the honest and efficient; 5. Equal and impartial justice to all, without protecting or promoting unworthy officials or incompetent relatives and backers of one's own clique. I had hoped some day to see this program adopted both in theory and practice but to my astonishment I have found it already in almost complete operation in Kwangsi.

"The whole education of the province is being integrated with the three-fold objective of self defense, self government and self support. Beginning from the foundation schools the pupils and students are given practical education which aims at the education of life by life and for life. All students must do some manual work. They seek to educate the brain of the hand worker and the hand of the brain worker. Although heavily handicapped by the overcrowded curriculum and the wooden requirements of Nanking, which almost seems as if they were devised to prevent thought and crowd it out alike for tired teachers and students. Kwangsi is seeking to inculcate an integral system of education as labor, as thought, as life, as growth and as service.

"Each school is in process of developing into a community center and each is designed to include the whole community in its scheme of practical education. They aim in the near future at universal education from eight to twelve years of age and to make attendance compulsory for at least two years. About forty per cent of the children are already in the primary schools of the province and the foundation schools aim at the reconstruction of all life. On the three planting days I saw all of the schools of one district out for reforestration and consciously following some of the plans of the model country of Denmark. Indeed, Kwangsi within a decade may become the Denmark of China."

American Community Organization Spent $17,869 on Civilian Relief

The newly-organized American Community organization published its first annual report last week. In the expectation of securing at least 1000 members for the new organization, a membership drive was conducted during December and January. Every contributor of $10 or more is a voting member of the organization. The final result of the canvas will determine the voting list of the organization, which will be employed in the election of a new Community Committee in April, 1935. Civilian relief will absorb the bulk of the contributions made by members. A sum of $17,869.81 was spent on civilian relief during 1934. In the same period the organization repatriated 43 adults and 14 children at a cost of $8,560. This rather high figure is accounted for by the fact that among the repatriates were eight members of the "Hello, China!" company, who were stranded here. Twenty-two of the adult repatriates were sent to the United States, 11 to the Philippines, seven to Honolulu and three to outports. Ten children were sent to Honolulu and four to outports.

The organization entirely supported or assisted in the maintenance and education of eight children during the year, the cost of the latter amounting to $633.

In February, 1934, a movement was started by the American community to provide much-needed funds for the continued maintenance of the American School. Among other principles laid down was the determination to make the undertaking a purely American affair with, as far as possible, every individual American participating. The compaign, which was preceeded by considerable preparatory work resulted in the raising of a sum of $44,019 from individuals and $14,160 from American firms and organizations, or a total of $58,179. This figure represents proceeds of the campaign for the first year of the three-year period. For the second and third years, pledges totalled $28,800 per year.

Dr. Ivan Lee Holt Addresses Community Church on "A New Garment"

Dr. Ivan Lee Holt, president of the Federal Council of Churches in America, who arrived here recently from St. Louis, Mo., in his sermon at the Shanghai Community Church Feb. 17 spoke on the subject of "A New Garment," taking his text from Luke, 5:1-36: "No man rendeth a piece from a new garment and pútteth it upon an old garment; else he will rend the new and also the piece from the new will not agree with the old." Upon this the speaker based his thesis that the "new garment," needed for the world is that new society in the making will have no place for racial antagonisms, economic injustice, or war, and in which every last man will receive what enables him to attain to a fullness of life. "Christianity", said Dr. Holt, "must be more than the ecclesiasticism of Rome, the philosophy of Greece, the dogma of Germany, the religious side of English imperialism, and the Rotarianism of America." He queried whether or not Christianity could save the world, in this connection sketching the pessimism abroad everywhere on this topic.

Norddeutscher Lloyd to Run Three New Vessels on Far Eastern Route

The North German Lloyd will put on three new steamers, *Scharnhorst, Gneisenau and Rotsdam*, in the Far East service, in the spring and autumn of this year. These speedy ships, will make the run from Bremen and Hamburg to Genoa in nine days and thence on to Shanghai via ports in 23 days.

The *Scharnhorst* has been placed in command of Captain Walter Stein, who for many years before the war was engaged in the East Asiatic Coastal service. The new ships are equipped with the latest devices for safety and comfort of passengers.

Hauptmann Sentenced to Death for Murder of Lindbergh Baby

Bruno Hauptmann was sentenced to death at Flemington, N. J. Feb. 13 after conviction of the kidnapping and murder of the Lindbergh baby. He has been transferred to the death house at Trenton. A fund is being raised, mostly by German-Americans, with a view to lodging an appeal.

Ex-Secretry Mellon Charged With Deliberate Evasion of Taxes

Hearing of the government's claim against Andrew W. Mellon, former Secretary of the Treasury, for $1,319,080 additional tax on his income for 1931, as well as a penalty of $659,-549, opened in Pittsburgh, Feb. 19.

Prospects for Sino-Japanese Co-operation Premature; Reds Abandon Hope in Entering Szechuan

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Trade to Form Central Issue in Sino-Japanese Rapprochement.**
2. **Doihara Advises China Forgets Past and Befriends Japan.**
3. **Gen. Chiang on Fundamentals of Sino-Japanese Co-operation.**
4. **Extermination of Reds Before April Ordereed by Gen. Chiang.**
5. **Reds Abondon Hope in Entering Szechuan and Penetrate Yunnan.**
6. **Gen. Huang Mu-sung Denies British Domination of Tibet.**
7. **Dr. J. D. Lanb Describes British Influence in Tibet.**
8. **First Anniversary of New Life Movement Observed Throughout China.**

Optimism over the prospects for Sino-Japanese coopration is "premature," the *Tokyo Asahi* declared on Feb. 16.

"We do not doubt the sincerity of Gen. Chiang Kai-shek in his denunciations of the anti-Japanese sentiment prevalent in China. We, however, do not believe that such statements can eradicate the anti-Japanese feelings or put an end to the boycott of Japanese goods," the paper continued.

"If China really intends to cooperate with us, she must suppress all movements directed against Japan. At the same time, the Nanking Government should itself demonstrate that the purchase of cheap and good Japanese goods of benefit to the Chinese people," the paper added.

Commenting on statements made by Chang Kai-ngau, managing director and general manager of the Bank of China, who is now visiting in this country, the *Asahi* said:

"Mr. Chang stated that China does not ask Japan for loans, but hopes that Japan will purchase more in China. He also stressed his country's desire to develop her economic life. Such a desire is undoubtedly justifiable, but to achieve that aim China has only presented hindrances to Japanese imports.

"China must put an end to the boycott of Japanese goods and, on the contrary, purchase more of them, if she desires to promote Sino-Japanese cooperation," the paper concluded.

"Believing that an improvement in Sino-Japanese relations must begin with a readjustment of economic relations between Japan and China, the *Asahi* on Feb. 13 reported that the Foreign Office intends to readiust Sino-Japanese economic relations, provided China effectivelv controls the anti-Japanese movement, and is prepared to take the following measures for Sino-Japanese co-operation, the most important of which is:

"As an emergency measure to cope with the want of China's financial and industrial circles the Japanese Government establish credit of about Y200,000,000 and conduct trade between the two countries smoothly. Through this Japan will promote her Sino-Japanese trade and increase the economic profit of the two countries and also increase the customs revenue of China. This, coupled with other policies, will contribute to an improvement of China's finance."

WANG CHING-WEI DENIES KNOWLEDGE OF SINO-JAPANESE ECONOMIC CO-OPERATION PLAN

Wang Ching-wei, President of the Executive Yuan and concurrently Minister of Foreign Affairs, in an interview with press representatives at Shanghai on Feb. 14 denied knowledge of the Japanese press reports regarding the proposed economic co-operation between China and Japan.

CHINA GOLD TO JAPAN'S ADVANCES

The *Asahi* on Feb. 14 reported that in connection with Japan's program for Sino-Japanese economic co-operation Japan is offering China technical assistance, adoption of the system of barter and Y200,000,000 credit arrangements, etc. but the Nanking Government is not in a position where it can even request a loan from Japan. The Chinese raw cotton merchants are maintaining an unexpectedly cool attitude. Although expressing approval of Japan's increase of raw cotton purchase from China and adoption of the system of barter, the merchants are opposed to the idea of a loan on the ground that loans would affect the interests of the Chinese people. The Chinese side has no concrete plans for Sino-Japanese economic co-operation, nor does it believe that the stage has been reached where it warrants serious discussion and examination. Private circles in China are hoping for decision on the Nanking Government's fundamental policy toward Japan.

The *Asahi* on Feb. 13 reported that although General Chiang Kai-shek some time ago issued a warning through the *Central News Agency* against China's anti-Japanese campaign, the Japanese officials in China fail to see any sign of the warning being heeded. There has been no instruction given for the control of the anti-Japanese movement nor have the Japanese officials received any report that such control has been exercised. Because of the apparent lack of sincerity on the part of China, the Japanese officials are requesting proof from the Nanking Government. The Japanese paper reported that Wang Ching-wei, President of the Executive Yuan, will issue a statement shortly, emphasizing the importance of Sino-Japanese co-operation and that General Chiang Kai-shek and Mr. Wang will issue joint instructions in secret to the Party headquarters in each province and other organizations having to do with the anti-Japanese campaign. Since the recent interviews between the Japanese diplomats and Chinese leaders at Nanking, Chinese feeling toward the Japanese has improved in general but business dealings between Japan and China in Shanghai and vicinity have not improved to any appreciable extent. The Chinese merchants in general are still bound by pledges to boycott Japanese goods.

TRADE TO FORM CENTRAL ISSUE IN SINO-JAPANESE RAPPROCHEMENT

According to a further report in the *Asahi* on Feb. 13, the work to readiust Sino-Japanese economic relations will be done with trade as the central issue. At present Japan imports Y119,000,000 worth of goods from China annually. Of the imports, such goods as raw cotton, hemp, coal, iron ores, bran, oil-cakes and animal skins figure prominently. If Japan intends to increase her imports from China, raw cotton is the most promising article.

Japan exports to China some Y110,000,000 worth of goods annually. This sum represents a serious loss compared with the exports for 1928 or thereabouts when the annual exports amounted to Y370,000,000. If Sino-Japanese economic co-operation is to find expression in Sino-Japanese trade, cessation of China's anti-Japanese movements has to be demanded. These matters will form the most important points in negotiations with China for a readjustment of economic relations between the two countries

JAPAN TO LEND NANKING STEAMERS FOR TROOPS CONVEYANCE

The Tokyo *Nichi Nichi* reported on Feb. 14 that the Japanese Consulate-General at Nanking gave a formal notice to the Nanking Government on Feb. 12 accepting the latter's request for the loan of Japanese steamers for transportation of Chinese troops to Szechuan for Communist-bandit suppression. The Japanese Consulate-General will let the Chinese troops have three liners of the Nisshin Steamship Company now plying between Hankow and Chungking and also four vessels of the same company now being tied up at Shanghai. These vessels will be taken to Hankow to be handed over to the Chinese. The paper further stated that the authorities of Great Britain and the United States whose nerve has become more pointed since the recent interviews between General Chiang Kai-shek and Akira Arivoshi, Japanese Minister to China, and Lieuenant-General Suzuki, Japanese military attache, take the statement of General Chiang banning the anti-Japanese movement and Japan's offer of steamers to China as proof of the realization of Sino-Japanese rapprochement and attach much importance to it.

CHINA MISSION TO JAPAN OFFICIALLY DENIED

Japanese press reports stating that the Chinese Government will send to Japan an economic mission headed by Sun Fo, President of Legislative Yuan, or T. V. Soong, member of the National Economic Council, were emphatically denied by Gen. Chiang Tso-pin, Chinese minister to Tokyo, on Feb. 15.

CHINA TO STATION COMMERCIAL ATTACHES IN JAPAN

In connection with the report that China is planning to station commercial attaches abroad, it is learned that the National Government is taking active steps in that direction. However, limited by financial considerations, the Government is not prepared at present to appoint such officials to all countries. It is understood that the first commercial attache to be appointed will be stationed in Japan and the Ministry of Foreign Affairs has been instructed to start preparations for the opening of a Commercial Attache's office in that country.

DR. WANG CHUNG-HUI TO SOUND OUT JAPANESE INTENTIONS

The Nanking Government's readiness to promote better Sino-Japanese relations was voiced by Dr. Wang Chung-hui, judge of the Permanent Court of International Justice, who arrived at Kobe on Feb. 18 en route to the Hague by way of America aboard the s.s. President Pierce.

"As I am visiting Japan in a private capacity, I have brought with me no concrete plans on Sino-Japanese cooperation," Dr. Wang said. "However, it is a fact that the Nanking Government is fully prepared to take part in a movement aimed at such a co-operation."

"But before taking any concrete steps, a serious study of all difficulties ahead is required. During my two weeks' visit to Japan, I intend to find out the Japanese Government's real intentions, so as to work out concrete plans to promote good relations between our two countries. I do not see why economic matters should precede political issues in Sino-Japanese relations. It seems to me that the settlement of political problems must take place before economic matters can be touched," he concluded.

China will welcome Japanese investments only if they are likely to benefit both nations, Dr. Wang said on his arrival at Yokohama on Feb. 19.

"For China, it is important to take into consideration every detail of each prospective investment and to welcome it only if it is of a nature to bring advantages to both countries," he said.

"During my week's stay in Tokyo, I expect that I will be able to have several frank exchanges of views with Foreign Minister Hirota and other important Japanese officials on various issues now pending between Japan and China," he told reporters.

DOIHARA ADVISES CHINA FORGETS "PAST" AND BEFRIENDS JAPAN

Lasting peace in the Far East is "impossible" unless China ceases to regard Japan as her potential enemy and "tries to restore Sino-Japanese relations to nomalcy," Major-General Kenji Doihara, director of the Special Service Branch of the Kwantung Army in Dairen said on Feb. 17 upon his arrival in Shanghai from Tsingtao.

Declaring that his present trip "had no political significance" and was intended solely that he may "renew old acquaintances," Maj.-Gen. Doihara indicated that he would remain in Shanghai for about a week after which he would proceed to Nanking. He has just completed an extended tour of North China, having visited Peiping, Tientsin, Tsingtao and Tsinan before coming to Shanghai.

"It is evident that the people of China as a whole are gradually realizing what Japan's real intentions are and are anxious to co-operate with Japan," told Japanese reporters who interviewed him.

"But we cannot admit that the Government and the Kuomintang have abandoned their previous anti-Japanese policies," he added.

As evidence, Major General Doihara cited the organization of the "All-Nanking National Goods Buying Society," which, he said, was designed to push the "boycott against Japanese goods."

"There were also anti-Japanese radio broadcasts and the Hankow newspapers are publishing violently anti-Japanese editorials,'" he continued.

These actions, coupled with anti-Japanese education, Major-General Doihara found "constiture in fact warlike activities of a passive variety against Japan."

"Unless this is corrected, it is even futile to dream of Sino-Japanese co-operation," he concluded.

SUPPRESSION OF ANTI-JAPANESE ACTIVITIES URGED BY DOIHARA ON MAYOR WU

Complete and effective cessation of all anti-Japanese propaganda and activity was urged upon Gen. Wu Teh-chen, Mayor of Greater Shanghai, and Gen. Huang Fu, chairman of the Peiping Political Readjustment Commission and Minister of the Interior of the National Government, by Maj.-Gen. Doihara, in his interviews with them Feb. 18. Only if and when anti-Japanese movements cease, can an agreement between Japan and China be reached, General Doihara is said to have stated. He will urge the same course of action upon leaders of the National Government on whom he will call when he visits Nanking.

CHIANG KAI-SHEK ON FUNDAMENTALS OF SINO-JAPANESE CO-OPERATION

Frank views on the present Sino-Japanese situation and the fundamentals for the co-operation of the two countries were expressed by General Chiang Kai-shek in a recent interview granted to Mr. Miyasaki, correspondent of the *Osaka Asahi* at Kuling. Following were the interviewer's questions and General Chiang's answers:

Question: For the welfare of East Asia, there is necessity for China and Japan to co-operate with each other. What should be the method of co-operation?

Answer: Not only for the welfare of the Far East, but also for the welfare of the world as well, it is necessary for China and Japan to co-operate; because on the one hand these two countries are the only independent members of Far East and on the other hand also important members of the world. Sincerity and justice are the first fundamentals upon which co-operation should be based and only through them could true co-operation be fully realized.

Q.: Kindly let me know without reserve Your Excellency's opinion about Japan and the Japanese.

A.: We have always admired your people for the rapid progress you have made since your reformation and respected the virtues which are characteristic of your people, such as patriotism, filial piety, courtesy, diligence and thrift. But if you should forsake the original spirit of oriental civilizazation and be influenced by the doctries that "Might is Right," it would be a great pity.

Q.: Is there a good basic solution for the present Sino-Japanese trouble?

A.: From the beginning I have been convinced that sincerity and Justice are the basic principles for the solution of the present Sino-Japanese trouble. Since you are also eager to have Sino-Japanese co-operation as a reality, you should take into serious consideration the national psychology of the Chinese people. As a matter of fact China originally did not entertain any anti-Japanese feeling; furthermore in my opinion there should be no necessity to do so. But we Chinese have generally harbored deep resentment against the Ching Dynasty, that is to say, against the rule of the emperors of Ching. After years' struggle we have at last succeeded in emancipating ourselves from the yoke under the rule of an alien race and I fear this feeling has been aggravated by the Northeastern situation. Furthermore, the Northeast situation as it exists today daily added grievance to our people and due to repeated provocation it would be impossible to cradicate this resenment without removing the cause. We should not therefore neglect to take into consideration our people's attitude as an important factor in the realization of Sino-Japanese co-operation.

Q.: What is Your Excellency's opinion concerning suppression of anti-Japanese attitude and improving the feelings of these two countries especially from an educational point of view?

A.: China has over upheld sincerity and justice and peace in order to establish closer co-operation with friendly powers, and has never harbored enmity against any. We have adopted the same policy in our education, the principal aim of which

is to develop righteousness, kindliness and a spirit of mutual co-operation; any action contrary to this spirit which might foster sentiment of hatred should be rectified so as to maintain a wholesome national atmosphere. However, the same attention and effort to this end should be paid and directed by all parties. And most important of all acts of aggression and humiliation should be avoided in order not to wound and stir up our people to a sense of unrighted wrong. The realization of this fact would make possible improvement for better relations between the two countries.

Q.: Will you please let me have an expression of your opinion regarding economic co-operation between China and Japan?

A.: Regarding this question it is necessary first to better the present condition of these two countries by restoration of normal relationship. Then reasonable and purely economic co-operation for the mutual benefit of both can follow, for which there is not only possibility but also necessity. However, for real co-operation we must have a spirit of mutual sincerity and helpfulness without harborin ulterior motives.

WAR ZONE ISSUES NEAR SETTLEMENT

Agreement in principle has been reached between the Chinese and Japanese authorities for the settlement of all outstanding issues concerning the demilitarised zone in North China, reported the *Central News* on Feb. 14.

All outstanding Sino-Japanese issues in the North China demilitarized zone were settled on Feb. 13 at two meetings held at Tientsin and Peiping and attended by General Ho Ying-chin, Chairman of the Peiping Branch Military Council, and Major-General Kenji Doihara, Chief of the Japanese Military Mission in Dairen, according to a *Rengo* report from Tientsin on Feb. 14. The main issue settled was the question of the disposal of the Pao An Tui, the Peace Preservation Corps. It was decided that of the 9,000 members of the Pao An Tui, all of whom were formerly serving under Gen. Yu Hsueh-chung, 5,000 will be sent to the Yutien district, in the demilitarized zone, and the remaining 4,000 will be placed under the Bureau of Public Safety.

GEN. HO ENTERTAINS THREE JAPANESE MILITARY MEN

Considerable interest surrounds the recent visit of Japanese military notables in Peiping. General Isogai, chief of the second section of the General Staff in Tokyo, General Umetsu, Japanese commander-in-chief in Tientsin, and Colonel Giga, special representative of the Kwantung Army at Shanhakwan. General Ho Ying-ching, Minister of War, gave a banquet in their honor on Feb. 14. The visit of these high Japanese officers following closely upon the visit of Major-General Doihara is causing much speculation in Chinese circles. It is learned that General Isogai will be appointed Japanese Military Attache in China to succeed Major-General Suzuki who will be re-called to Tokyo.

ORIENTAL TRAVEL BUREAU SUFFERS HEAVY LOSSES

In view of its heavy expenditure and poor business, the Oriental Travel Bureau—the intermediary organ jointly entrusted by the Ministry of Railways and the Japanese South Manchurian Railway Company with the handling of the Peiping and Shenyang (Mukden)—has appealed to the Ministry of Railways for a subsidy to make up its losses. A similar appeal is understood to have been made to the South Manchurian Railway.

JAPANESE LEGATION SAID REMOVING SHANGHAI OFFICE TO NANKING

In order to keep in closer contact with Chinese affairs and to facilitate transaction of business, it is learned from Japanese sources that the Shanghai Office of the Japanese Legation will be removed to Nanking in the near future. The report is said to have also been confirmed by an official of the Ministry of Foreign Affairs.

GEN. CHIANG ORDERS EXTERMINATION OF REDS BEFORE APRIL

Two important orders were issued on Feb. 15 by General Chiang Kai-shek, President of the Military Affairs Commission, to the various military and political authorities in connection with bandit suppression and reconstruction and pacification work. The first order instructs that the remnant bandits in the border areas of Honan, Hupeh and Anhwei be exterminated before April next. The second order instructs that basic plans for reconstruction and pacification work be mapped out and executed by the provinces of Hupeh, Honan, Anhwei, Kiangsi and Fukien. For the rehabilitation of these five provinces following ravages of communist bandits, reconstruction and pacification work, the order points out, is of paramount importance, and in carrying out such program of close co-operation between military and political authorities as well as Government and people should be effected the order emphasizes.

HUPEH OFFICERS REPRIMANDED FOR TARDINESS IN COMMUNIST SUPPRESSION WORK

In a stern order to the military authorities in Hupeh, General Chiang Kai-shek expressed great dissatisfaction at the tardiness of the Government troops in suppressing the remnant Communists in the border districts in Hupeh, Honan and Anhwei. General Chiang's order stated that the strongholds of the communists on Hupeh-Honan-Anhwei border were destroyed two years ago, but the Government troops have so far not been able to clear these districts of Communist traces. This is not because the Communists still possess any real power of resistance against the troops but rather due to the fact that the troops are not carrying out their duties efficiently. They are merely wasting time and money which, General Chiang declared, cannot be tolerated. The commanding officers in these border districts will, therefore, be considered disobedient to military orders if they fail to eradicate the Red-bandits in their districts before the end of April.

NEW PROVISIONAL HEADQUARTERS TO BE ESTABLISHED AT WUCHANG

The Nanchang Provisional Headquarters having been abolished last month, it is reported that General Chiang Kai-shek has decided to create a Provisional Headquarters at Wuchang to facilitate the suppression of the "Reds" who have fled to other provinces.

"Labor and Service" was the subject of an address made by General Chiang Kai-shek, at the inaugural ceremony for the Nanchang branch of the Military Officers' Moral Endeavour Association held there Feb. 18. After dwelling on the history of the Association, General Chiang said that the object it had in view is to strengthen the will and faithfulness of military officers and improvement of their moral character.

With the approach of the spring sowing, General Chiang Kai-shek has formulated measures whereby the bandit-suppression troops are to assist the people in poughing the fields in the newly recovered bandit areas where there is ssarcity of farm labor. The rank and file of the bandit-suppression forcees will be required to assist. A reward of from $100 to $500 will be given for 100 to 400 *mow* of land cultivated.

YUNNAN IS INVADED BY COMMUNISTS

The Communist forces who fled to Kweichow from Kiangsi, following the fall of Juichin, appear to have been forced to give up their plan to penetrate into Szechuan province and there join with other Communists, according to a *Reuter* report from Peiping on Feb. 13. Following their failure to cross the Yangtze between Suifu and Chungking, these forces have continued further west and have penetrated Yunnan province. They now are near a town called Chenhsiung, about ten miles inside the Yunnan border. It is believed their numbers have been considerably reduced since the flight from Kiangsi, over 600 miles away, began, but it is reported they still number 20,000, men. Whether these are all armed is unknown.

The success of the combined Szechuan and Government troops in keeping these Reds out of Szechuan is reported to have been duplicated by the provincial troops in the north of Szechuan. The Reds there are reported to have been turned back from their southward march to the Yangtze and to be moving towards the Kansu border under pressure. The numbers of these Reds are also reported to have been considerably depleted by fighting and sickness.

Northern Kweichow and southern Szechuan are practically cleared of the Red menace, which recently threatened the safety of Chungking, according to a *Reuter* report from Hankow.

The center of Communist activity appears to have shifted to the Kweichow-Yunnan border city, Peichieh, which is at present in government hands. It is expected, however, that a section of the Communists will make a desperate attempt to occupy the city in order to take advantage of the main highway leading south into Yunnan proper.

Military dispatches from the front report that upon their arrival at Weisin, northern Yunnan, from southern Szechuan, the remant "Reds" under Chu Te and Mao Tse-tung continued their flight north-westwards to Niuchieh in an attempt to cross the Heng Kiang (River). They were, however, forced back by the Szechuan troops from Yentsin and Yunlien, along the Yunnan-Szechuan border, and had to seek refuge in the hilly regions near Weisin where they are being enveloped by the Yunnan troops.

Various columns of Government Pursuit Forces under General Hsieh Yo are rushing from N. W. Kweichow to the Suning-Kusung sector, in southern Szechuan near the Szechuan-Kweichow border, in order to effect junction with the Szechun Bandit-suppression Forces under General Pan Wen-hua for a combined attack on the "Reds" under Chu Te and Mao Tse-tung in the territory south of the Yangtsze Rover and east of the Kin Sha Kiang (River).

Latest reports indicate that severe fighting has broken out between one Yunnan brigade marching from Pichieh, north-western Kweichow, Weisin and Yunlien, northern Yunnan, and the remnant "Reds" from the Szechuan-Kweichow border, at a point between Weisin and Chenhsiung. Major-General Kuo Hsun-chi with three brigades have been assisting the Yunnan troops in rounding up the remnant marauders.

Upon discovering that the "Reds" were attempting to cross the Kin Sha Kiang (River) between Suikiang and Yungshan, northern Yunnan, General Lung Yun, Chairman of Yunnan and concurrently Commander-in-Chief of the 2nd Route Army of the Bandit-suppression Forces, has ordered the district magistrates of the two cities to commandeer all vessels in order to prevent the outlaws from taking passage north-westwards to south-western Szechuan.

Writing from Chengtu on Jan. 24, the correspondent of the *North China Daily News* reports that two Chinese gun-boats, the Weishen and Teshen, had been sent to Szechuan by the Central Government at the request of General Liu Hsiang to stengthen the defence at Kauifu and Wanhsien. Joint defensive measures are being contemplated by Chengtu and its neighboring districts. The leading officers of the militia, representing more than ten counties, have adopted formal resolutions which are to be put into effect.

NANKING ENVOY DENIES BRITISH DOMINATION OF TIBET

"Contrary to the belief of some that Great Britain wields a special influence over Tibet, my visit showed that such is not the case," declared Gen. Huang Mou-sung, Nanking's Envoy to Lhasa, who arrived at Shanghai from Hongkong in the C.P.R. s.s. *Empress of Asia* on Feb. 15. He stated that all the activities of the British there are confined within the limits of agreements.

Gen. Huang, who is attached to the Staff Department, was sent to Tibet to offer sacrifices to the Dalai Lama, the religious and political leader, and also to promote friendly relations between Nanking and Tibet.

According to Gen. Huang, a healthy condition prevails in Tibet and the country is peaceful. There are several thousand soldiers, mainly conscripts. Since the death of the Dalai Lama, the administrative power has remained with Jechin Hutuktu, no successor to the Dalai Lama having yet manifested himself. The Tibetans are all well disposed towards the Nanking Government and are also in favor of the return of the Panchan Lama, but no date for the latter event has yet been fixed. A mission from Tibet is expected to reciprocate Nanking's goodwill visit.

After remaining in Shanghai for one day, General Huang returned to the Capital on Feb. 16. Interviewed, General Huang recalled that on setting out from the Capital last year he arrived at Chengtu, Szechuan, in April last, continuing his journey by land to Lhassa, where he arrived in the middle of August. After spending three months in Lhassa, he paid a visit to Nepal and India. On his way back, he stopped at various ports in the South Sea Islands. His trip lasted 10 months.

DR. LAMB DECRIBES BRITISH INFLUENCE IN TIBET

In a press interview at Nanking, Dr. Jefferson D. H. Lamb, counsellor of the Ministry of Foreign and advisor to General Huang Mu-sung's mission to Lhassa, stated that the constant report emanating from foreign sources that Tibet has severed its relations with the Central Government and has declared its independence of China is absolutely groundless. Discussing the political conditions in Tibet, Dr. Lamb said, in the whole of the country there are 350 officials, half of whom are Lamas and the rest non-lamas. Tibet has a military force of 5,000 troops, trained by British military officers. Plans have made by the Tibetan government to expand its army to 15,000 as soon as funds are available.

A modernization movement is going on the country in Tibet, Dr. Lamb revealed. Four young Tibetans have been sent by the Tibetan Government to England to study military science, electrical engineering, surveying and mining.

For the first time in the history of this dependency, a power plant is being set up. Machines, motors and generators have been shipped from England and it will not be long before Tibet witnesses the first sight of electric lights. The plans will be generated by hydraulic power.

Referring to the postal communication with outside world, Dr. Lamb stated, those who wish to communicate with people in China have to use Tibetan or Indian postage. All letters headed for China come by way of India. Consequently, it takes a letter six weeks to reach Shanghai.

A telegraph office is located in Lhassa, which is operated by the British. All wires for China has to go through India, thence to Hongkong. A fee or $3 per word is charged.

Three types of currency are used in Tibet. One is the Indian rupee, one the Tibetan note and the other the Szechuan half-dollar. Because of the higher silver content of the Indian rupee, it has become the standard money in Tibet.

Japanese goods dominate in the Tibetan market with British and Nepal products closely trailing behind, Dr. Lamb found out. He saw no Chinese goods on sale except Buddhist articles. Mandarin dress and ornaments for official robes.

FIRST ANNIVESARY OF NEW LIFE MOVEMENT OBSERVED THROUGHOUT CHINA

The first anniversary of the New Life Movement was officially observed at Nanking at a meeting held at the auditorium of the Central Party Headquarters on Feb. 19. The meeting was presided over by Lai Lien, Secretary-General of the Nanking Municipal Government, and attended by more than a 1,000 people representing the various Party and Government organs, schools and Public Bodies.

Mr. Lai spoke on the meaning and significance of the Movement and reported on its activities and achievements during the past year. Summarizing the objects of the Movement, Mr. Lai said that it aims at the reform of bad habits and customs, enforcement of discipline and orderliness and revival of traditional Chinese virtues.

Shao Yuan-chung, Chairman of the Publicity Committee of the Central Party Headquarters, was also present, representing General Chiang Kai-shek, founder and promotor of the Movement. Mr. Shao delivered a speech of admonition, urging the strict observance of the principles of the Movement.

Similar meetings of celebration of the occasion were held in Shanghai, Tientsin, Peiping, Nanchang, Wuchang, Hsuchow and other part of the country, according to telegrams received at Nanking.

Gen. Chiang Kai-shek, founder of the New Life Movement, speaking on the first anniversary of the "old virtues revival," at Nanchang on Feb. 19, outlined his plans for 1935. Of paramount importance, he said, was the consolidation of the directing forces in the headquarters of the New Life Association in Nanchang. The main work of promotion should not be entrusted to one class, but should be regarded as the concern of the Party, political, military, and educational circles combined, and, among the four groups, the educators and students should play the leading part this year, and set an unimpeachable example to the rest of the Chinese populace. They should volunteer to be the standard-bearers in this movement for the rejuvenation of the Chinese race, and broadcast to the nation the slogan:—"We do our part."

Economic Adjustment in the Pacific

BY HAROLD S. QUIGLEY

(Extracts from address delivered before the Orient Student Conference, Chicago)

WE of Western countries are being fed upon propaganda against Japanese manufactures. Within fifty years Japan literally has leaped into industry and trade upon a scale that compels her to demand international markets. Today Japanese cottons are being sold in Lancashire, cradle and home of the greatest cotton manufacturing industry in the world. Japanese electric lamps are giving American producers a shock and they are quaking in their rubber boots, also imported from Japan. The label "made in Japan" is as frequently seen upon articles of common use like dishes, toys and tooth brushes as was "made in Germany" in the years prior to 1914. Against this rushing torrent of useful and needed articles western nations are erecting tariff barriers, to the cost of their own people and the irritation of the Japanese.

Nature has been profuse in her gifts of natural beauty to the Japanese islands but somewhat stingy with the materials of existence and industry. Lacking food and raw materials, Japan must import both to maintain her population and the only means of obtaining imports of these articles is the sale of manufactured goods. Raw silk is Japan's greatest export but it is not sufficiently valuable to provide the amount needed for the purchase of required imports. Thus, like Australia and New Zealand, though in manufactures rather than food products, Japan is dependent upon foreign markets if she is to maintain her standard of living, which is far from high.

Raw Silk Free—Heavy Duty on Other Articles

Unfortunately, while raw silk enters the United States—which takes 95 per cent of the amount exported—free of duty, manufactured articles face duties which have recently been raised. The same harsh fact impedes their entrance into other countries. Silk and cotton fabrics have suffered most but we may ascribe the comparative unimportance of pottery and other goods in Japan's export statistics not to her incapacity to produce vastly more but to her inability to sell across high tariff barriers.

Japan is no different from other states in this matter. She places duties on such essentials as wheat, soya beans, sugar, rice, eggs, condensed milk and flour; also upon a number of manufactured foods which her factories cannot make on even terms with those of other exporting states. On the other hand, as a rule, she admits free the raw materials for her factories and for agricultural industry. Thus, to some extent, she is inconsistent in her criticism of the tariff tactics of ther states.

Although British policy has in general opposed the efforts of the British cotton industry to obtain protection in British colonial markets, this policy has been found unsuited to India, where the cotton industry is strong but is feeling severely the competition of Japanese factories. The latter had redoubled efferts to sell in India when the Chinese boycott cut their exports to China in half. Japanese competition lay in the type of cottons that India produced, whereas that of England was in higher-priced types not extensively manufactured in India. Thus the recent tariff action of India against Japan is in the main an expression of Indian rather than of British policy.

China Has a Self-Contained Economy

As contrasted with Japan, China is relatively able to maintain a self-contained economy. Like the United States, China has great areas of farm land, large coal deposits, varied products for food and building material, etc. The bulk of China's iron and forest land, however, is in Manchuria. The country is only in the beignning of industrial development. Still essentially agricultural, China is not dependent upon her foreign trade, which averaged $1,351,000,000 (imports and exports) during the years 1927-1930, as compared with $1,375,000,000 for Australia, $2,427,000,000 for Canada, $3,930,000,000 for Japan and $8,693,000,000 for the United States. Nevertheless China's trade is important, is growing, and is now being made the object of tariff protection by the government.

The industrial development of China is showing a similarity to that of India. With 4,000,000 cotton spindles now available, with cotton, coal and plentiful man-power at low wages, China bids fair to oust Japanese goods from her shops, providing her own blue gowns and white smocks. In February, 1933, China announced that she would not renew preferential tariffs hitherto enjoyed by Japan upon a number of articles, including cotton cloth. New and much higher tariffs were imposed upon such articles, However, Japan remains in a favored position due to her proximity to China's markets, her longer experience in manufacturing, and the likelihood that China's industrial development will be slow. Given friendly relations between the countries, Japan has little to fear in her Chinese trade.

It is well-known that friendly relations do not exist between China and Japan, A private boycott which became pressing at the end of 1931 caused Japan the loss of 47% of her export trade with China during the first 21 months. That this situation will persist now seems unlikely since in July of the present year the Chinese government proclaimed a new tariff in which the duties upon a number of articles purchased from Japan—such as cotton goods, sugar, fish, etc.—are reduced while duties on imports from other foreign countries are increased. The duty on raw cotton was increased 50%. Thus a reorientation of Chinese commercial and industrial policy decidedly favorable to Japan has been inaugurated. Whether or not it can be sustained in the face of strenuous opposition from Chinese manufacturers and anti-Japanese factions remains to be demonstrated.

Gains and Losses in Manchurian Trade

At this point we may well glance at the commercial consequences of the new situation in Manchuria. From Japan's point of view the improvement of trade has been considerable, although the total foreign trade of "Manchukuo" in 1933 was considerably less than that of Manchurian ports in 1930. Trade between Manchuria and China proper declined. The figures for the trade of the United States in 1933 were, approximately, one-third less (36,409,562 yuan than in 1929 (36,148,257 Haikwan taels). It is apparent that Japan had no cause to fear the competition of European or American countries in the trade of Manchuria when she embarked upon the momentous intervention of 1931. In 1930 she, with Korea, possessed 55.9 per cent of Manchuria's foreign trade, her nearest competitor being the U.S.S.R. with 12.5 per cent. The United States had 5.5 per cent, Great Britain 4.2. per cent. It is also clear that up to the present Japan's Manchurian program has lost her far more trade with China proper than it has gained her with "Manchukuo."

Philippines Hope to Continue Preferential Duties

Turning for a moment to the Philippines, we find there a situation not unlike that of Australia. The Philippines can prosper and advance in the standard of living only by the export of tropical products such as sugar, cocoanut products and hemp. With political independence apparently close at hand, the Islands government is laying plans to retain its free entrance to the markets of the United States, a policy which will meet the opposition of American producers of sugar and other raw materials in Cuba and at home. Another factor in Philippine policy is the growing trade with Japan, in the hands of Japanese merchants.

Depreciated Currency Renders Imports Expensive

What, do we find to be the effect of recent events upon international monetary operations in the Pacific? In the first place except in the Netherlands Indies and French Indo-China, the gold standard has broken down. This has happened in the Pacific dependencies of gold standard countries which have gone off gold as well as in those countries themselves. The fact that the fall in national incomes and land values is at a faster rate than the fall in costs of production has prompted Pacific governments to use the handy device of raising prices by leaving the gold standard and thereby depreciating the currency. This has the effect of stimulating export trade without too abruptly affecting domestic prices. The latter rise slowly, however, and ultimately may compel adjustments in wages. Since depreciation of the currency renders imports more expensive, they fall in volume, thus ultimately restricting exports. If imports of raw materials for industry are maintained, prices rise, to the further restriction of exports. The primary influence upon exports, however, has been the general tendency of all countries to leave the gold standard, thus neutralizing each other's moves.

The country which felt this sequence of disturbing influences latest was China, due to the fact that her currency is silver. Silver depreciated in terms of gold during the deflationary period. Thus Chinese prices tended to rise rather than to fall but not sufficiently to injure her export trade. According to Sir Arthur Salter "there can be no doubt that . . . . the net result of the steady depreciation of silver was (in spite of the arguments of the silver group to the contrary) of great advantage to China." But when Japan, Great Britain and India went off gold, in September, 1931, China's advantage was lost. Silver rose in value and prices fell. When the United States devalued the dollar the depression struck China with full force. Her exports declined in value, forcing the export of gold and silver to pay interest charges and trade balances. With the recent decision of our government to buy silver abroad this movement has been accentuated, causing the Chinese government to contemplate an embargo on the export of silver, a move which might be disastrous to her exchange rate.

Foreign Trade Little Affected

Speaking generally the depreciation of currencies has been a move to improve domestic conditions rather than to affect foreign trade. It has, however, been a highly disturbing factor in relation to trade, so much so that Professor Gregory considers the stabilization of exchanges as the primary essential for trade revival. Data defining effects of depreciation upon the trade of individual countries are not avilable. But it is logical to conclude that a weapon that is available to every government will be wielded to readjust unfavorable balances, so that while there may be brief periods of increase these will be cut short by retaliation in kind. The net result is trade warfare, uncertainty and an ultimate unfavorable effect upon political relations.

Heavy Steamship Subsidies

Among Pacific countries, Japan and the United States pay the largest subsidies. Canada pays smaller sums while Great Britain pays little more than would be due for services rendered, such as carrying mail. This country pays $4 per mile for vessels of 8000 tons or over making 13 knots and a larger amount to larger ships of greater speed. At the rate of $4 a ship would receive $48,000 for the round-trip from Vancouver to Hongkong, sufficient to pay practically the entire cost of the trip. Japan pays the N.Y.K line $850,000 a year for its Seattle line, $1,400,000 for the line to San Francisco and $1,100,000 for a line to South America.

It seems clear that if economic considerations were allowed to govern, either the shipowners of low-cost countries would be left alone to run the carrying trade, or shipowners would form a cartel and divide the business between them.

Investments

Pacific countries, with the exception of the United States, are debtor countries. Japan is both debtor and creditor, having large investments in China, principally in Manchuria. On balance, in 1929, Japan's net indebtedness abroad amounted to 738,000,000 yen. With the exception of China, Pacific states are either protected by "mother countries" from the effects of competitive capital export or are sufficiently independent to protect themselves. It is to China, therefore, that we turn for investment problems.

One of these problems is involved in the inability of China to meet the interest and amortization charges on a number of unsecured foreign loans. (This problem, so everyone knows, is not peculiar to China at the moment.)

Not only have China's defaults upon certain loans embarrassed her relations with her creditors but they have injured her credit and therefore prevented borrowing for necessary construction projects. During the post-war decade when American billions were rolling merrily to Europe and Latin America not a penny was loaned to China, though considerable sums went there for such direct investment as the purchase of the Shanghai Light and Power Company. British and French funds also were withheld. However, under the remarkable administration of Finance Minister T.V. Soong, aided by the American adviser, Dr. Arthur Young, service on a number of defaulted loans was revived and Chinese bond quotations rose markedly. The interest now being shown so effectively by the League of Nations in construction work in China may lead to a plan of financing that may safely be accepted by the Chinese. In China's present condition international loans under League supervision would seem to offer the most desirable means of financing constructive projects.

Although Japanese direct investments in Manchuria in 1930 totalled 1,000,000,000 yen, 60% of this sum was invested in the South Manchuria Railway, which is largely owned and wholly managed by the Japanese government and which was used by that governemnt to establish its political control over Manchuria. The record of Japanese activities, including the compulsory extension of the railway lease to 99 years in 1915, prevent us from viewing Japanese business relations with Manchuria as purely or essentially economic. Had the Chinese not been fearful of the very thing that has happened to that wealthy region there is little doubt that Japan could have pursued her economic activities in confidence and that mutually satisfactory arrangements could have been reached for co-operative enterprises. It is difficult, therefore, to accept the Japanese thesis that the intervention of 1931 was necessary for the protection of Japanese investments.

To Japan, already highly industrialized, the lack of iron ore and coking coal, is a serious handicap. To Australia, a coal exporting country, the decline of markets since 1927, has been disturbing. Again, one industrial nation may possess vast resources, while a second may be dependent upon it. China has large reserves of coking coal but no metallurgical industry of importance. Japan has negligible deposits of iron ore while eastern Siberia is estimated to contain 500,000,000 tons. The United States is estimated to possess half the crude oil in the proven fields of the world; Japan to have 1,610 of the total.

Political Control Over Raw Materials Not Important

When we view the problem of mineral resources economically we are brought back to the political maneuvering by which interest groups cause injury to their competitors. Except for transportation costs there is no natural disadvantage to a country in the fact that it does not enjoy political control over needed raw materials. But prices may be raised in various ways, such as export duties, restriction of output, and even prohibition of sales. It is such facts as these that induce a government to attempt to protect its industries by depriving a weaker country of its resources and that lead to war when two or more governments contend for the same deposits.

There exist in the Pacific two countries which are overpopulated under present conditions and other countries, which, though moderately or sparsely populated, are unwilling to receive emigrants from those of dense population. What are the international problems auxiliary to the over-population of China and Japan?

The Problem of Population

We have the statement of Dr. W. H. Wong, director of the National Geological Survey of China, that "in spite of the vast area of China, that country is suffering from an overpopulation more acute than that of any other country." Eighty-three per cent of her population occupies 17% of her area, producing a density of 500 persons to the square mile. Although the density throughout the rest of China is only 35 to the square mile, according to Dr. Wong there is room for only eight to ten million more people in north and west China and for not more than forty million more in Manchuria.

Regarding Japanese population changes we have adequate data. In 1920 there were 56,000,000 people in Japan; in 1930, 64,000,000, a gain of eight millions, or 800,000 a year, almost entirely the product of natural increase. At this rate Japan's population by 1965 would be 108 million. Fortunately the present rate of increase is not likely to continue. As in Europe, so in Japan, the high point of industrialism is likely to be followed by a decline in the birth rate and a tendency toward stabilization. Professor Teijiro Uyeda estimates that the probable maximum is 800,000,000, to be attained about 1950. He points out, however, that at that time the working population will be larger by 10,000,000 than it is at present and that work will have to be found for at least half of these, or some 250,000 per year.

With the problem of competition for trade we have already been concerned. Whatever the attitude of the employer toward his workers, it remains true that by its very existence an over-dense population is a compelling incentive to private as well as official efforts at trade promotion. With the remedies of birth control and internal economic reconstruction I am not here concerned, though I believe them to be the more effective procedures. I desire, however, to explore the possibilities of emigration.

It has been argued frequently that a country is morally justified in seizing foreign territory in order to furnish an outlet for emigration. Almost as frequently has come the reply that emigration is not a cure for over-population. Neither view is economic, since neither is concerned with the question of the most favorable factors for the production and consumption of wealth. From the economic standpoint emigration should proceed to regions not capable of development otherwise. Obviously neither California nor Manchuria is such a region.

American Chamber of Commerce Holds Annual Meeting

The American Chamber of Commerce of Shanghai held its annual general meeting, in the American Club, Feb. 15. C. H. French who presided, referred briefly to the troublous times through which the world in general, and China in particular, is passing. During the past year, an attempt had been made to induce the Chinese Government to alter certain clauses of the Industrial Encouragement Act, and the U. S. Minister to China had received an intimation that certain relief would be given—similarly with the legislation that had to do with the declaration of the country of merchandise imported to China. Certain of the more cumbersome clauses would be eased, according to intimations received. Visa regulations, which had proved particularly trying to those who made trips to the Philippines or Japan, several times a year, are now under consideration, and an attempt is being made to have them altered, so that U. S. citizens in China will be treated as are Chinese in America in similar circumstances.

The Chamber's accounts for 1934 showed that a total of $17,869.81 had been disbursed on general relief, loans, etc., and the repatriation of needy members of the American community.

The ballot for the new board of directors resulted in the election of the following:—

C. H. French, president; C. S. Franklin, vice-president; A. E. Schumacher, hon treasurer; Messrs. W. A. Adams, N. F. Allman, P. H. Bordwell, P. S. Hopkins, Jas. A. Mackay, Mark L. Moody, R. E. O'Bolger, J. E. Perkins, W. H. Plant, J. E. Swan, O. D. Terrell, F. J. Twogood, directors; James M. Howes, hon secretary.

Julean Arnold, U. S. Commercial Attache, spoke at some length on his observations on his recent trip to America. He said there had been a good deal of criticism of the new methods, especially the agricultural restriction plan, of which it had been said that, had the Dionne quintuplets been born in the U.S.A., three of them would have been ploughed under. It was his view, however, that things very definitely were better than before. He spoke of the spirit of ultranationalism which had been growing apace during the years, but he said he felt that this phase was passing. Foreign trade now was emphasized by everyone as a great need. People of whatever degree were beginning to realize that a nation must buy in order to sell. Whereas, before, Americans abroad had practically been told to "soft-pedal" the idea of buying, it was now looked to as vital in order to foster America's export trade.

J. L. Brenneman suggested that a committee to study exports from China should be appointed. E. T. Basha referred to this as hopeless. An exporter was given little or no consideration by the Government, and was seriously hampered in doing his bit to foster China's export trade, by the imposition and increasing of export duties, he said. Efforts in this direction were not appreciated, though their success would give employment to many thousands of Chinese and would bring fresh capital into China, he added.

A Co-operative Scheme to Rehabilitate China's Silk Industry

BY PAUL K. WHANG (汪仲芳)

WITH a view to improving the quality of Chinese raw silk, the National Sericultural Improvement Commission of the National Economic Council has devised a co-operative scheme for the establishment of what may be called a joint management of silk filatures in Kiangsu and Chekiang provinces. This scheme includes the following five objectives: (1) To co-operate in cocoon-purchasing; (2) to introduce technical co-operation; (3) to institute joint management; (4) to co-operate in improving reeling machines and equipment; and (5) to co-operate in pushing the sales of Chinese silk abroad.

This scheme, as reported, will be put into effect within three months, and fourteen filatures in Kiangsu and Chekiang provinces have already agreed to participate in this new adventure. While the names of these participating filatues have not yet been made known to the public, we are given to understand that they represent the long-established and best-managed filatures in these two provinces. These fourteen filatures, therefore, will serve as a nucleus, around which China's silk industry will be rebuilt.

In this connection, the National Sericultural Improvement Commission has appropriated $135,240 for the purpose of purchasing modern reeling machines, re-reeling machines and cocoon-boiling machines, which are to be rented to the participating filatures of this co-operation. It is reported that 500 mutiple-ends reeling machines, 1,000 new-style reeling machines, 860 re-reeling machines and 5 cocoon-boiling machines will be purchased, and that they will be ready for use before the next cocoon season. We are further told that half of the fourteen participating filatures have already been equipped with up-to-date machines and equipment, and that the limited purchase made by the Commission will be sufficient to be distributed among the other half, which are still operated with old and obsolete machinery.

The Benefits of Cooperation

The writer, in his past many articles on the silk industry, has repeatedly urged our silkmen to pool their interests and form an amalgamated company as the most effective means to rehabilitate China's silk industry. Although the present co-operative scheme does not provide that profit and loss incurred are to be pooled among the participating filatures jointly, yet its objectives will be just as beneficial as if an amalgamated company is formed. It is especially gratifying to note that the National Sericultural Improvement Commission, besides devising this co-operative scheme, has also set aside a sum of money for the purpose of assisting the filatures in making use of modern machines and equipment.

The objectives of this scheme, if realized, will have far-reaching beneficial consequences upon the silk industry. That co-operation in cocoon-purchasing will do away with competitive purchasing of cocoons and enforce uniform prices is an objective which has been long sought for. In the good old days when sericulture was a profitable business, filature men were apt to compete with each other in offering such high prices for cocoons that they were out of proportion to the prevailing silk prices. In recent years, on the pretense of depressed silk business, filature men went to the other extreme by offering exceedingly low prices for cocoons, which were not sufficient to cover the cost of cocoon-production. As a result, silk farmers have either curtailed their cocoon-production or abandoned sericulture altogether. It is hoped that when this co-operative scheme is in operation, filature men can agree among themselves upon prices which will be high enough to cover the cost of cocoon-production, but not too high to prove detrimental to their own interests.

Moreover, this co-operation can also assist in the betterment of the quality of cocoons. During the cocoon season, they can jointly distribute disease-free egg-sheets at reduced prices among the farmers, send specialists to the cocoon-producing centers to teach farmers the scientific methods of raising silkworms, and construct modern baking ovens to dry up fresh cocoons. All these steps, if taken jointly, will contribute much to the betterment of the quality of coocons.

Technical co-operation will lead to the improvement of the quality of Chinese silk. Limited by its small capital, a filature can not be expected to engage the services of a specialist to supervise silk-manufacturing. But when fourteen filatures can co-operate together, they will be in a financial position to pay for the services of a sericultural expert. Besides, these fourteen filatures, through close collaboration, can study their respective methods of production and compare the quality of their respective products. By study and comparison, the filatures which produce silk of inferior quality can learn the secrets to improve the quality of their products.

Joint management will promote economy and efficiency, and cut down the unnecessary waste of factory-operation and management. It is needless to say that one of the causes leading to the present downfall of China's silk industry is the high cost of production. This high cost is in turn due to the wasteful methods of operation and management. It is understood that a joint management office will be formed to supervise these participating filatures with the object of introducing efficiency and economy to different filatures, so that all of them can reduce the cost of their production and put out the products, the prices of which can compete with those of Japanese products.

In regard to the improvement of reeling machines and equipment, the National Sericultural Improvement Commission has already appropriated $135,240 for purchasing modern reeling machines and cocoon-boiling machines to be rented to the participating filatures. Thus those filatures which have not yet been equipped with up-to-date machines and equipment can apply to the Commission for renting these machines. It is the aim of the Commission that all the fourteen participating filatures may be equipped with modern machinery, so that their products will be uniform in quality.

The most important objective of this co-operative scheme is co-operation in pushing the sales of Chinese silk abroad. It is reported that representatives will be sent to foreign countries and sales offices established in New York, Lyons and other silk centers. The decline in the sales of Chinese silk in foreign countries is primarily due to the lack of sales promotion on the part of Chinese silkmen. Only recently our silkmen have realized the importance of sales promotion, and have repeatedly urged the Central Government to give them financial assistance in regard thereto.

Kiangsu and Chekiang Map Out Rationalization Program

In the meantime, the authorities of Kiangsu and Chekiang provinces have also mapped out a program for rationalizing cocoon-production in these two provinces. Among the measures are: (1) More than forty silk experts will be sent to the cocoon-producing centers to supervise and direct the raising of silkworms, and the farmers are requested to use disease-free egg-sheets only; (2) Detailed regulations will be made as to the proper method of purchasing cocoons by filature men; (3) The prices for cocoons will be fixed by the government in collaboration with filature men during the cocoon season; and (4) The government will seek credit facilities for filature men to purchase cocoons, but credit facilities for any filature man will be immediately cancelled if he fails to comply with the regulations of purchasing cocoons as promulgated by the Government.

Of the above measures, the one relating to the opening up of credit facilities for filature men deserves our special attention. As a result of many years of business depression, our filature men have not the financial means with which to carry on their business. The bankers, on the other hand, in face of the stringent monetary market, have refused to grant any more credit to filature men. In these circumstances, it is doubtful if many of our filature men have the means to purchase cocoons during the coming cocoon season. Therefore it is a timely measure that the provincial government authorities should seek credit facilities on behalf of filature men, so that the latter will not meet with difficulty in securing the necessary cash during the cocoon season.

Both the National Sericultural Improvement Commission of the National Economic Council and the authorities of Kiangsu and Chekiang provinces have now turned their thoughts to devising measures for rehabilitating the silk industry. The carrying out of these measures will undoubtedly lead to the improvement of the quality of Chinese silk, the reduction of the cost of silk production, and the promotion of sales of Chinese silk in foreign countries. If the National Sericultural Improvement Commission was determined to enforce the co-operative scheme within three months, and the authorities of Kiangsu and Chekiang provinces were earnest in practising their program of rationalization, we have no reasons to doubt that their efforts will not be crowned with successful results.

Welcome to the U. S. Commercial Mission to China

BY C. Y. W. MENG (孟 昭 冰)

SINCE the establishment of the National Government in 1926, China has been visited by several trade missions from friendly powers. First came the German Industrial Mission for the purpose of "investigating the trade possibilities in China." Then came the Canadian Commercial Mission for the purpose of "looking over the ground for opportunities in the Orient and to obtain an intimate knowledge of the situation." Then came the British Trade Mission, including a special Cotton Section for the purpose of "studying from the viewpoints of trade generally." Therefore, the Commercial Mission to China from our Sister Republic, which is due in China sometime in April, 1935, is only the fourth or fifth of this kind; and it is rather, comparatively speaking, a "late one". China and America are two "best friends". Hence, the tardiness on the part of the Americans to make such a friendly but important gesture is something which we, the Chinese, can hardly understand!

Such industrial or commercial missions to China are always given an enthusiastic welcome by the Chinese. They spend a few months in China, and are given every facility to study the industrial and commercial conditions in China on the spot, and are given first-hand information. The members of the missions have every opportunity to meet the Chinese leaders in the commercial and industrial realm to discuss with them the best ways and means of promoting interchange of trade. But, as far as we are informed, none of these missions has been crowned with success. They come to China visiting here and there, and go back to complete and to present a lengthy report on their findings. The work ends there. No substantive improvement has ever been carried out in Sino-foreign trade.

Reasons for the Failure

What is the trouble, one asks? To be brief, the only reason is that the foreign traders do not know "how" to improve the trade relations with China of "today!" Most foreign traders still think of China in terms of China of the 18th or 19th century; still regard China as a "colony"; and still cherish the idea that "trade follows gunboats!"

They are entirely wrong. The period of subjection is gone. China of to day is different from China of the past centuries. Trade no longer follows the gunboats, but only follows friendship. Gunboats bring only destruction to trade, but mutual understandings and sympathetic co-operation bring about prosperity to the trade among nations. Therefore, the foreign traders are earnestly requested to realize the change which has taken place in this part of the world, and to change their method of dealing with China of today—from medieval and arbitrary to equitable and friendly. In the course of our welcome to the U.S. Commercial Mission to China, we could render no better service, nor make better contribution to Sino-American trade than pointing out the mistakes committed by their predecessors; and further, suggesting a few of our humble proposals for the improvement and development of the Sino-American friendly and trade relations which have happily been existing.

China's New Foreign Policy Related

On July 7, 1928, China made an important "Declaration" relating to Sino-foreign treaties. In order to abrogate the "out-of date" treaties "in accordance with the proper procedure," China has launched the Treaty Revision Movement. The year 1928 has witnessed a series of revision of the treaties with foreign powers. In order to enforce the "Movement," the National Government has been following a policy which might well be summed up as follows:

1. To have more contact with, and to employ more capital from, the countries with which China is on an "equal footing", and
2. To have less contact with, and to employ less capital from, the countries which do not treat China on an "equal footing" and
3. To hold up the discussions with the foreign nationals, if they are already in progress for sometime, pending the revision of the treaty.

Such is China's new foreign policy. So, if the foreign traders want to find "better trade possibilities, etc.", the first thing that they should do is to remind their respective home governments of the new foreign policy which China has adopetd, and further, that the existence of the out-of date treaties in China today is a great obstacle to the cultivation and improvement of Sino-foreign friendly and commercial relations.

Extrality Must Go

Recently, as we understand, China has made some contracts with the foreign nationals whereby foreign capital is employed in the development of Chinese domestic industries. But due to the existence of extrality, China has been very timid to have any dealings with such foreign nationals. One of the first provisions of every contract is the provision that the "undertaking should be strictly in accordance with Chinese Laws". China has made the "strict observance of the Chinese laws" a "condition precedent" for any discussion on the Sino-foreign joint undertakings. If extrality were abolished, such provision would be no longer necessary.

But it must be pointed out that though such provision is being made in every contract, the Chinese still entertain much fear that the foreign nationals in case of controversy might again resort to the "special privilege" which they have been enjoying in China. So long as extrality is not abolished, the Chinese do not have much courage to go on with more contracts with foriegn financers, etc. That is, the existence of extrality in China is another obstacle to the cultivation and improvement of Sino-foreign friendly and commercial relations.

Unfortunately, though China and America are "best friends", the latter has not yet taken any initiative step to remove the very obstacle in the way! The Sino-American Commercial Treaty of 1903, though it expired long ago, still exists. The American nationals in China still enjoy extrality. American gunboats can still be seen in Chinese waters. American battalions may still be seen marching as if a "victorious army," as others do on Chinese soil! Such a situation has already caused the intelligent Chinese at last to break silence and to ask: Are the Americans "best friends" of China? Are there any differences between the Americans and other imperialists? To such questions, we, the Chinese, regret to say that we have to answer in the negative.

In our previous discussion of the Sino-American Commercial Treaty of 1903 (See *The Review* of August 14, 1934), we have analyzed the whole Treaty, and have reminded Americans that the Treaty is already *ipso facto* abrogated. The question in the Chinese mind is: Why should the Americans allow such a Treaty, which does great harm to American interests in China, to exist to impair Sino-American friendly relations?

The Chinese entertained much hopes during the present unprecedented national crisis that the Americans would do something for China, (1) to strengthen the Chinese prestige, which has been so much damaged due to the loss of four of her big provinces; (2) to help her in the time of crisis; and (3) to prove to China that America is a friend of China "in the time of need". As one of the writer's American friends said "It is time indeed that the U.S. Government should be taken to task for a show of sincerity to China!" But so far, we are very much disappointed by inaction on the part of Americans!

Americans Themselves Not Satisfied With American Policy In China

The American Government talks very much about the "retrenchment policy" due to the business depression. But the Chinese always ask: Why do not the Americans withdraw their troops, or "the legation guards" from China, and remove their "empty legation" from Peiping to Nanking, which is now the national Capital of China, thereby saving the American taxpayers at home a great deal of money? This question is raised not only in the minds of Chinese, but also by Americans themselves in America!

America is rewarding Finland for paying her debt by raising her Minister to Finland to the rank of Ambassador. The question again arises: Why do not the Americans do the same thing for China? Signor Mussolini by sending to China a full-fledged Ambassador meant to promote trade relations with China, and to sell to China more Italian planes. Yet, as an American friend of the writer well pointed out, the Boeing air-craft factory has not only planes, but also pumps, engines of all descriptions, railway equipment, "piled up at Seattle awaiting orders from,and shipment to China". "With such tremendous commercial potentialities on which the prosperity of the Pacific Coast chiefly depends, all we (the Americans) have to represent in China is only a Minister! Is China of less significance than little Finland?" asked one of the writer's American friends in a letter to him. "The mere fact of granting to China the same diplomatic representation as Japan, would immensely enhance the prestige of the Chinese Government in the eyes, not only of the Chinese nation, but of the whole world, particularly, to other imperialistic powers, such as Great Britain, France, and Japan, which would have soon or later to follow suit," writes another of the writer's American friends, on the same subject.

The above quotations from letters to the writer have thrown some light on how American public opinion regards China. That is, not only the Chinese, but also the Americans themselves, are not satisfied with American policy in China! The Government at Washington, D. C. has apparently failed to take into consideration the more candid opinion of the American public when they form their policy in this part of the world! In fact, as far as the American public opinion is concerned, they are in hearty agreement that the Americans should meet China more than "half way", and should render more than "lip service" to China, but should yield to Chinese legitimate aspirations. The writer of this article has received many letters from his American friends to the effect that the Chinese should "appeal directly to Congress for action", and that the Chinese should "formulate some sort of definite proposals to be put before Congress next fall", etc. In

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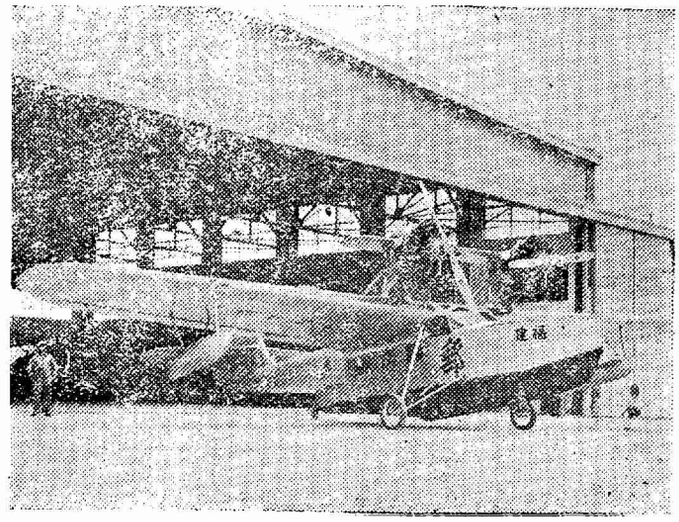

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other words, their advice is that the Chinese should appeal to the American public for action, rather than to the American Government at Washington, D.C.!

Inner View of American Politics

Being keenly interested in the welfare of our Sister Republic, we have been studying the situation in America. The ideal of "regionalism," with silly backward conceptions of "state rights," the lack of uniform legislation, the relative weakness of the central government at Washington D. C., are responsible for the disunity of views, even under the same banner. The obstacles which the President has to overcome in putting through his program of N.R.A. are simply colossal! Everywhere he has to fight narrow local interests which conflict with his plans. Not only is there no harmony of view in regard to domestic matters, but also in foreign relations. The U.S. entrance into the "World Court"—a step which would bring the nations nearer to an era of peaceful cooperation—is regarded by Americans as "unnecessary foreign entanglement." It is just because the Americans know nothing of world affairs, but only the "doctrine of rugged individualism," the "profit system," personal and national, but nothing of real principles, forgetting entirely the ideal of the "self-determination of the nations," as conceived by President Woodrow Wilson—the promoter of the League of Nations—and the principle of "fair-play" and "international co-operation" on a reciprocal basis, in order to bring about prosperity to all in the long run!

Being so afraid of "foreign entanglements," it is natural that the Americans might think that the invasion of the Chinese territory by the Japanese, and the establishment of "Manchukuo", are matters concerning only Asia, but not the American Continent. The Americans would express concern only when their Philippine Islands are menaced. It is because, in that event, their personal interests are being threatened. That is, Americans do not realize that lack of co-operation with international agencies, such as the World Court, the League of Nations, etc., would never insure the safety of the nations in the world; and that by adopting the principle of fair-play and international cooperation, the Americans are not being entanged in world politics, but are merely doing America's share themselves in keeping the world peace. Secondly, by adopting such a "no foreign entanglement" policy, it is quite impossible for the Chinese, anxious as they might be, to achieve Sino-American co-operation in dealing with the critical situation in the Far East.

The above account, brief as it may be, has given us some idea of the present Sino-American relations. Unless the many obstacles in the way are removed; unless the officials in Washington, D. C. take into consideration public opinion in America to forming their new China policy, and are prepared to yield to legitimate Chinese aspirations; unless the Americans would discard their policy of "no foreign entanglement" but embark on a policy of "sympathetic co-operation" with the Chinese, spiritually as well as materially, it is quite useless for our Sister Republic to send any Commercial Mission to China. For unless these things are done, the mission is only another failure. The members of the Mission would visit the Ming Tomb in Nanking; would see the terrible destruction of Shanghai by the Japanese bombers in her "undeclared war" with China; and would see the famous Great Well in the North, etc., but could do nothing to improve the Sino-American trade relations; nor could they could find out or open up the possibilities of trade. So, before their departure it is far better for the Commercial Mission to get into touch with the State Department with a view to first removing the obstacles before they actually sail for China.

Nanking, February 16, 1935.

Quo Tai-chi Speaks Felicitiously on Chinese-British Relations

The Jubilee Year is going to be also a Chinese year in London, declared Quo Tai-chi, the Chinese Minister to Britain, speaking at the annual dinner of the "People's National Theatre," in London Feb. 17. Among the facts he quoted in support of his statement were the success of the Chinese play "Lady Precious Stream," which is now approaching its 100th performance; the exhibition of modern Chinese paintings in London; the great exhibition at Burlington House, in the autumn, of treasures from the Palace Museum in Peiping; and the expected visit of the famous Chinese actor, Mei Lan-fang.

Voters of Japanese Blood in Hawaii on Increase

Recent advices from Honolulu show that out of the total voters of Hawaii, numbering 71,000, those of Japanese descent amount to 15,317 this year. This figure represents an increase of of 4,044, over the number of Hawaiian-born Japanese electors who participated in the election of 1932. On that occasion, the Hawaiian-born Japanese held third place in the number of electors, while, with the increase in the recent two years, they now rank second, coming next to the native citizens of Hawaii.

Trans-Pacific Aviation

BY A. V. H. HARTENDORP

THE reported early inauguration of test flights of the Pan American Airways across the Pacific; the rumor that Col. Charles A. Lindbergh might make the initial flight; the recent order of President Roosevelt transferring Wake and Midway Islands from the Department of the Interior to the Navy Department as a preliminary to leasing them for temporary occupation for experimental trans-Pacific flights; the prospective massed flight of U. S. Navy amphibian planes to the Philippines; General Douglas Mac-Arthur's statement in connection with the new general headquarters air force which the Army is perfecting: "I contemplate the use of the force in any emergency, if necessary throwing the outfit to Panama, Hawaii, and possibly even to the Philippines, in jumps to Hawaii, Guam, and Luzon...I'd send any number of planes necessary"; Senator W. G. McAdoo's prediction made when he was here two months ago that a commercial air service between the United States and the Philippines would be established within the next twelve months, remarking: "Such a line would be of immense value and importance to the Philippines: It would bring them within three days of the California coast. I am anxious to see it. I want to see the Philippines and the United States brought nearer together in the matter of transportation as well as in other ways"—all these developments are arousing the greatest interest in the Philippines, as well they may.

Pan American Airways has already been reported to have figured a schedule under which a traveler setting out from New York to Manila would have dinner at home, breakfast the next morning in California, the next breakfast at Honolulu, lunch at Midway Island, midnight supper at Guam, and a late breakfast at Manila,—72 hours from New York to Manila, 60 hours from San Francisco to Manila, a journey that still takes almost a month by water. We shall soon be crossing the Pacific in fewer days than it took Magellan months, and in fewer days than it today takes weeks.

The trans-Pacific line is necessary to complete the girdling of the globe. Swinging half around the earth, from Europe to the Far East, are three competing commercial air-lines: the British Imperial Airways, Air France, and the Royal Dutch Air Lines. The British line now extends by way of the Suez, India, and Singapore to Australia and has a trunk line to Cape Town. The terminal of Air France is at Saigon. The Dutch terminal is at Batavia. The Russo-German line between Berlin and Moscow has recently been extended by the Russians to Vladivostok. Eastern China has been covered by a net-work of the China National Aviation Corporation, an organization associated with Pan American Airways, and one which, according to a statement in a recent issue of the *Literary Digest*, from which part of the data in this article has been summarized, "probably will play an important role as the Eastern division of the great Pan American and related systems when the Pacific is finally spanned."

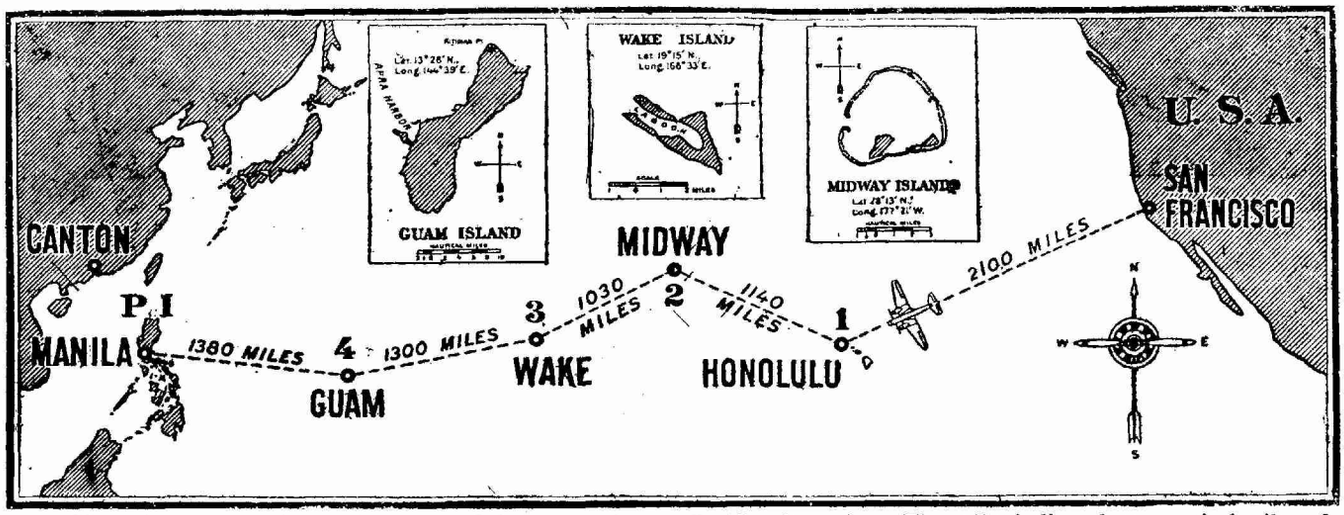
Air France and the German Lufthansa send mail planes across the South Atlantic on a regular schedule, but the only passenger air service is that of the Hamburg-America Line which operates the famous dirigible *Graf Zeppelin*.

Pan American Airways, which has been making technical studies of routes both across the North Atlantic by the Bermuda-Azores route and to Asia by the Alaskon route, experimenting also in Alaska where it has been operating through two Arctic winters chiefly to gain experience for possible trans-Pacific and trans-Atlantic lines by the northern routes, already operates routes passing through thirty-two different countries and colonies, comprising a loop around the coast of South America as far south as Santiago and Buenos Aires, an inland line up the Amazon to Monaos, and a network around the Carribean and over Mexico, with northern terminals at Miami and Tampa and Brownsville, Texas.

Pan American Airways' new twenty-five ton Martin transport plane, which passed its preliminary flying tests successfully some months ago, may be the first plane to establish regular passenger and mail service across the Pacific. It is the largest airplane ever built in America and the largest transport plane anywhere in the world, with four motors and a wing spread of 130 feet. It is a flying-boat, capable of carrying forty-six passengers. Without passengers, but carrying 1,000 pounds of mail, it is expected to have a high speed of 180 miles an hour and a non-stop cruising range of 4,000 miles, a much greater distance than any leap it need make in crossing the Pacific. Three of such ships would be used once the service is established. A smaller but still huge Sikorsky flying boat, also with four motors, will be used for the preliminary survey flights. It has a cruising range of over 3,000 miles.

As the accompanying map, made especially for the Philippine Magazine by an expert map-maker in the Bureau of Coast and Geodetic Survey, shows, the distance between San Francisco and Honolulu is only 2,100 miles, between Honolulu and Midway 1,140 miles, between Midway and Wake 1,030 miles, between Wake and Guam 1,300 miles, and between Guam and Manila 1,380 miles.

Such difficulties as are connected with the spanning of the Pacific by airplane lie chiefly in the difficulty of navigating with the necessary accuracy over such long distances as not to miss the small island stations, but various new instruments have been developed to aid in coping with this difficulty—new types of compasses, sextants, drift indicators, radio apparatus, etc.



The above map shows the route of the proposed trans-Pacific air service. The miles indicated are nautical miles of 6,080 feet, commonly known as "knots"—not land miles (5,280 feet). In land miles the figures would be about one-seventh higher.

The islands in the Pacific in possession of the United States it seems almost by sheer good luck rather than by definite intention, are almost ideal hydroplane bases. It is not necessary to describe Oahu, the island in the Hawaiian group upon which Honolulu is situated. Midway is considered as belonging to the Hawaiian group, although it is 1,140 miles distant, and came into the possession of the United States in 1898 with the annexation of Hawaii. It became a cable station in 19.03. It is a circular atoll about six miles in diameter, inclosing two islands, Sand Island and Eastern Island. The encircling reef is about five feet high in places and is almost continuous, except on the westerly side, where there is a gap through which ships may enter, although there are other passages for small boats and launches in good weather. Sand Island on which the cable station of the Commercial Pacific Cable Company is situated, is one and three-fourths miles long and is composed of white coral sand. The highest elevation is forty-three feet and at this point is the Midway Islands Light. The buildings of the cable station are on the north side of the island. The people on the atoll are dependent upon rain water which is collected in large tanks. For many years all supply ships coming to Midway brought garden loam and today, chiefly through the efforts of Mr. D. Morrison and his wife, who spent fifteen years on this lonely spot, what was once a mere sand spit is now covered with trees and shrubbery. Mainland songbirds were also introduced. Eastern Island is still smaller than Sand Island and is only from six to twelve feet high. It, too, is now covered with trees, shrubbery, and coarse grass. A group of ironwood trees near

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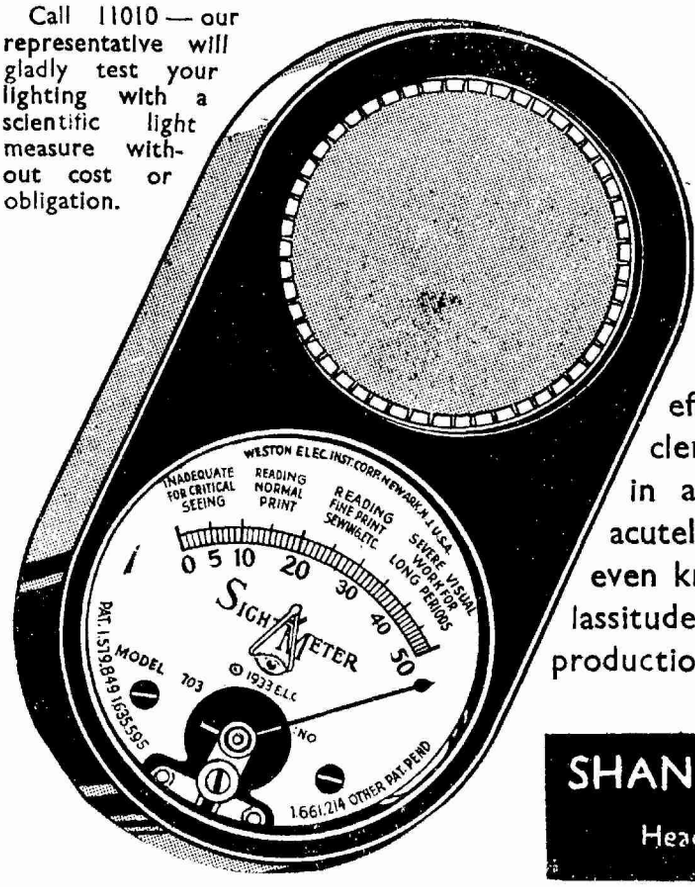

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the northern end is quite prominent. It is on the quiet and sheltered waters of the lagoon that the great seaplanes will find safe rest.

Wake Island, 1,030 miles farther on, and only some 400 miles north of the Marshall Group under Japanese mandate, is, in contrast, entirely undeveloped, although also, geographically, ideal for the landing and taking-off of hydroplanes. According to the "United States Coast Pilot" (1933) it was "discovered from the *Prince William Henry* in 1796. Its position was fixed by the United States Exploring Expedition under Wilkes in 1841.....and it taken possession of for the United States by Commander Taussing of the *Bennington* on January 17, 1899. . . . . It is described as being a group of three islands not more than ten to twenty feet above the sea, inclosing a lagoon well stocked with fish. The waters outside abound with fish of many species. Sharks are in great number. In the crevices of the reef are many large eels. There is no fresh water on the islands, neither do the pandanus or coconut trees grow there; but all the higher parts of the islands are covered with large, heavy brush, and umbrella and hardwood trees, about twelve to fifteen feet in height, and the islands are probably fifteen or twenty feet above high water. The group is about four and-a-half miles long by two miles wide. Lying as it does immediately in the track of vessels from America and the Hawaiian Islands to Guam, the locality is very dangerous. There is no regular anchorage in the vicinity of Wake Island. . . At high tide small boats may enter the lagoon through the southern passage. . . . . The lagoon itself is a shoal. . . . . " The word "shoal" in this quotation means only that it is a shoal from the seaship captain's point of view.

Thirteen hundred miles from Wake Island lies Guam, which came into the possession of the United States in 1898, during the Spanish-American War. It is a comparatively large and prosperous island, inhabited by the Chamorros, a people of mixed race with practically the same culture as the modern Filipino, which has been since the date of its occupation a U. S. Naval station, with a naval officer as governor. Here the Pan American Airways will find all the necessary facillities—wharves, hangars, machine shops, etc., practically placed out of commission a few years ago, but kept in condition.

Thirteen hundred eighty miles more and the American planes are in the Philippine Islands—not "islands" in the ordinary sense, but a great Archipelago, a country with a population of fourteen million people, and a few hundred miles beyond the Philippines lies the vast continent of Asia with its hundreds millions.

It has recently been figured that within a radius of 2,800 miles of Manila there lies a population of approximately one billion people, or more than one half of the population of the earth, although this area is three fourths water. It seems odd, but in no other spot of the earth can a circle be drawn of this size that includes such an enormous population.

Under conditions of normal economic development made possible by the modern scientific spirit, now taking hold throughout Asia, the industrial and commercial possibilities are beyond calculation.

For the Philippines the closer relationship that will be made possible with the United States will have important cultural and political effects as well. And from the point of view of national security, the ability of the United States to reach the Philippines within a few days establishes a degree of safety from outside aggression which could not have been hoped for only a few years ago.

It is probably not too much to say that the development of international air traffic and, concommittantly, the ability to move destructive and death-dealing machinery through the air at great speed to the most distant objectives, will do more to change world political organization and bring about something more sane than exists at present, than many hundreds of years of diplomatic meeting have been able to achieve.

Manila, P. I., Feb. 15, 1935.

Chinese Mission Proceeds to Manila—Will Attend Carnival

Twenty-five members of the Chinese mission to Manila, organized by prominent Chinese business and industrial leaders and educators sailed by the Dollar liner *Pressident Jackson* for the Philippine Islands Feb. 20. Dr. C. T. Wang heads the party. The mission, according to present plans, will visit Hongkong briefly en route to Manila. In the Philippine Islands, they will attend the Manila Carnival and possibly tour the southern islands. They will return to Shanghai on March 10, according to present plans. The members of the mission comprise: Dr. C. T. Wang, Mr. and Mrs. Wang Shao-lai, Mr. and Mrs. Pan Kung-chia, Wang Tien-shun, Wang Yi-ching, Yu Chu-sung, P. K. Chu, Mr. and Hsu King-tsu, Cheng Fong-ching, Cheng Hsueh-tsing, Tung Kuo-chuan, Tai Yi-chung, Mr. and Mrs. Chen Sung-yuan, Chen Yun-ling, Chen Hsiang-tao, Yao Hsi-tseu, Mr. and Mrs. Liu Ya-tse, Mao Ho-yuan, Li Ying-sung, Sun Lai-ting, Tu Ching-sun and Yo Pu-cheng.

Re-Exports of Silver Will Be Exempted from Duty

The inaugural meeting of the Monetary Advisory Committee, organized by the Ministry of Finance, was held in Shanghai, Feb. 17. The petition of the National Associated Chambers of Commerce, the Shanghai City Chamber of Commerce, and the Shanghai Native Bankers' Guild for exemption from the silver export duty (imposed in October, 1934) of silver which may be imported to China in the future, *upon its re-export abroad*, was approved. Dr. H. H. Kung, Minister of Finance, presided at the meeting, at which the following members were present: Chang Kia-ngau, general manager of the Bank of China, Chen Hsing (Jian Chen), vice-governor of the Central Bank of China; Li Ming, general manager of the Chekiang Industrial Bank; K. P. Chen, general manager of the Shanghai Commercial and Savings Bank; Pei Tsu-yee, manager of the Bank of China; Hsi Te-mou, general manager of the Banking Department of the Central Bank of China; T. L. Soong, general manager of the China Development Finance Corporation; Tang Shou-min, general manager of the Bank of Communications; Sing-loh Hsu, general manager of the National Commercial Bank; Chien Yung-ming, president of the Joint Savings Society of the Yien Yieh, Kincheng, Continental, and China & South Sea Banks; Chin Jun-ching, manager of the Foh Yu Native Bank; Hu Yun (Hu Pi-kiang), manager of the China and South Sea Bank; Chien Chang-chao, vice-minister of education; Shen Shu-yu, director-general of the Postal Remittances and Savings Bank; Yeh Fu-hsiao, manager of the Continental Bank; Hsu Kan, director of the currency department of the Ministry of Finance; Wu Yun-chai, manager of the Kincheng Banking Corporation; and Chen Che-ching, manager of the Yien Yieh Commercial Bank.

Messrs. Chou Tso-min, managing-director of the Kincheng Banking Corporation, and Wu Ting-chang, president of the Yien Yieh Commercial Bank, who are in Tientsin, were absent.

Dr. H. H. Kung Says China Wants No "Cheap" Remedies

Dr. Kung, in his address, said the idea underlying the formation of the Committee is to establish an advisory body representative of Chinese business and finance to assist the National Government in framing a constructive policy of economic and financial development and to deal with the problems with which the country confronted at the present time. China, he said, is severely handicapped in solving the various problems with which she is at present faced by the fact that she still lacked a firm foundation on which to build a constructive policy of economic progress. A blind imitation of the plans and devices adopted in other countries will not, however, serve China's purpose, because conditions in China vary so greatly from those existing elsewhere, and because China have still so much to do in constructing and strengthening the basis of her economic organization. If China is to make any progress in this respect it will be necessary he said, to utilize and develop the natural resources of the country, and to adopt a course of action that is in accordance with the habits of the people and appropriate in present circumstances Dr. Kung also said:—"Responsible leaders of the National Government have recently on more than one occasion indicated in their public pronouncements that they place no reliance on cheap remedies as a means of solving the fundamental problems with which the country is now faced, and we have no wish to adopt extreme measures that may undermine public confidence and create a situation in which the country's economic reconstruction and development would be retarded. At the same time we recognize that there is room for considerable improvement in the currency and financial organization of China. Trade within the country is still handicapped by the difficulties of financing and making payments to producers and merchants in different parts of the country.

"The Government is aware of the need to rectify the present large adverse balance of China's foreign trade, and, though we realize that this situation cannot be remedied in a short space of time, we are anxious to assist as much as we can in bringing about an early improvement. This is a matter in which the new Committee can probably assist the Government with a number of practical suggestions, and the Government will be very glad to receive the Committee's advice and recommendations."

Chang Kia-ngau (General Manager of the Bank of China), replying on behalf of the members of the Committee expressed their efforts to assist in formulating the financial and economic program of the Government.

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Second Protest Is Lodged Against American Silver Program

The Ministry of Foreign Affairs in Nanking end of last week instructed Dr. Sao-ke Alfred Sze, Minister at Washington, to lodge a second verbal representation with the United States Government in connection with her silver program. Dr. Sze is reported to have been instructed to inform the government that since the enforcement of the American silver purchasing program, China has been seriously affected. The Chinese Government hopes for the early abandonment of the U.S. silver program in order that the Chinese financial situation may be spared a crisis.

Chinese Banks Hold 87.83 Percent of Shanghai Silver

The following table shows the stocks of silver held in Shanghai, by the principal banks, classified by nationality, as of February 8.

British:		
Hongkong & Shanghai Bank	$ 3,441,560.00	
Chartered Bank	1,154,300.00	
P. & O. Banking Corp.	1,856,580.00	
Mercantile Bank	1,118,410.00	$ 7,570,850.00
American:		
National City Bank	$ 4,240,840.00	
Chase Bank	1,049,540.00	
American Express Co., Inc.	56,260.00	$ 5,346,640.00
Chinese:		
Central Bank of China	$91,094,640.00	
Bank of Communications	47,292,350.00	
Bank of China	80,248,100.00	
Joint Savings	16,784,880.00	
Chinese Banks	34,072.220.00	
Commercial Bank of China.	4,508,560.00	$274,000,750.00
Japanese:		
Sumitomo Bank	$ 1,716,900.00	
Bank of Chosen	1,427,840.00	
Bank of Taiwan	3,847,020.00	
Mitsui Bank	2,091,320.00	
Mitsubishi Bank	1,076,700.00	
Yokohama Specie Bank	1,886,650.00	$ 12,046,430.00
Joint Reserve Board	$ 7,811,410.00	
Miscellaneous (O.N.)	5,187,560.00	$ 12,998,970.00
		$311,963,640.00

The percentages are as follows:—Chinese banks, 87.83%; miscellaneous, 4.16%; Japanese banks, 3.86%; British banks, 2.43%; American banks, 1.72%.

SHANGHAI SILVER STOCKS

Sycee, Mex. dollars and Bars converted into fine ounces.
(000 *omitted*)

The following table shows the high and low points of silver stocks in Shanghai for the years 1925 to 1934, both inclusive.

	High	*Low*
1934	449,840	261,548
1933	439,340	321,890
1932	322,590	190,350
1931	218,380	187,500
1930	239,190	193,180
1929	197,830	145,680
1928	146,550	102,680
1927	141,470	107,700
1926	134,270	101,740
1925	114,810	86,770

Miscellaneous Silver May Be Exchanged for Dollars

At the request of the Ministry of Finance, the Central Bank of China has commenced to exchange miscellaneous silver for standard silver dollars. A set of general regulations governing the exchange of miscellaneous silver was announced Feb. 15, according to which the Central Bank will accept miscellaneous silver—such as old silver ornaments, jewellery, etc.—in exchange for standard silver dollars. The provision is not applicable, however, if the miscellaneous silver presented for exchange weighs over 1,500 hectograms (*Kung liang*) In such case, the regulations governing the coinage of silver dollars through the agency of the Central Bank must be observed. The weight of the miscellaneous silver will be determined in accordance with the new standard (metric) system. The miscellaneous silver, after the weight and fineness have been ascertained, will be exchanged for standard silver dollars, at the rate of 23 493448 grammes (*Kung fen*) of pure silver to a dollar; the regular minting charge to be paid by the applicant in accordance with the regulations governing coinage of standard silver dollars.

Japanese Peer Advocates Formation of Japan-China-Manchukuo Silver Bloc

Adoption of a silver standard in Japan and the Formation of a "silver bloc" among Japan, China and Manchukuo was advocated in Japan in the House of Peers by Baron Ryutaro Fukao, member of the Koseikai Party and President of the Nisshin Kisen Kaisha, Feb. 15. "If we have to revert to a metal standard again, I suggest that we adopt the silver instead of the gold standard," Baron Fukao declared. Such a step, he said-would inevitably lead to the formation of a silver bloc among Japan, China and Manchukuo.

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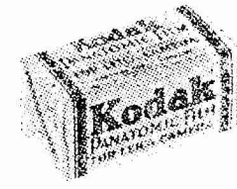

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Huge Silver Shipment Sent to Szechuen to Aid Chiang's Drive Against Reds

The Chinese Customs cruiser *Wushing* loaded $12,000,000 in notes and specie at Shanghai Feb. 18 and is now enroute to Chungking, where most of the funds will be used by the new branch of the Central Bank which is to be opened there early in March. While the funds are all consigned to the new Central Bank, it is understood that in addition to commercial operations a portion is designated for facilitating the activities of the Nanking Government in Szechuen province.

The shipment coincides with a drive on Szechuen communists being made by Gen. Chiang Kai-shek who has departed from Kuling bound for Szechuen. The apparent intention of the Communists under Chu Teh and Mao Tse-tung, who were driven out of Kiangsi during the recent campaign, is to cross the Yangtsze and link up with Communists already established in Szechuen. Latest reports stated they were moving in a south-westerly direction and some are already in Yunnan, indicating that the threat to Chungking has been liquidated. A crossing farther up the Yangtsze is expected to be attempted.

General Chiang Kai-shek has nine divisions at his command in the district with Ichang as his base, while General Liu Hsiang strongly holds Chungking. Transportation is a problem at present owing to the low state of the Yangtsze and the absence of transport facilities, but foreign shipping companies have been approached to co-operate in transporting Government troops. Supplies have been going from Kiukiang up river in lighters. A number of Chinese steamers have also been chartered for transport purposes.

Imported Silver Need Not Pay Duty on Re-Exportation, Ministry Rules

Acting on a joint petition from the National Associated Chambers of Commerce, the Shanghai Bankers' Association, the Shanghai General Chamber of Commerce and the Shanghai Native Bankers' Association for the encouragement of silver imports in order to stabilize the market, the Ministry of Finance Feb. 18 issued an order to the Inspectorate-General of Customs authorizing exemption of the special export duty on silver re-exports, the text of which reads :—

"An importer of silver bullion and/or silver dollars may duly register at the Customs the date and amount of import and secure a certificate for same from the Customs. When he desires to re-export silver bullion and/or silver dollars he may present the original import certificate to the Ministry which will thereupon issue to him a duty-free export permit for the same amount of silver bullion and/or silver dollars.

"The holder of the aforesaid duty-free export permit, after paying the regular 2.25 per cent tax on his export shipment, shall be exempted from the additional export duty and equalization charge imposed by official order on October 15, 1934, for the same amount as stated in the import certificate.

"Each of the aforesaid import shipment shall not be less than 500,000 ounces. When the import shipment consists of national currency (dollars), the same should be converted into ounces for calculation.

"The Inspector-General of Customs is hereby instructed to enforce the foregeing measures on and from February 19, 1935, and to report the issuance of such import certificates to the Ministry for record."

Counterfeiters Arrested in Nanking

Quick work on the part of the Nanking police resulted in the arrest of five persons and the seizure of large quantities of counterfeit coins and instruments and chemicals for the manufacture of faked notes. The police raided two houses outside Chungyanmen and seized large quantities of counterfeit coins and various manufacturing instruments. A dealer who was arrested confessed that for some time past he had been purchasing faked coins from the local market and then selling them to another Chinese who by means of certain chemicals transformed the forgeries into seemingly good money.

Dr. David Z. T. Yui Appointed General Secretary Emeritus of Y.M.C.A.

The National Executive Board of the Young Men's Christian Associations of China has announced the appointment of Dr. David Z. T. Yui as General Secretary Emeritus of the National organization.

Dr. Yui has served as secretary of the National Y.M.C.A. committee for 22 years, most of this time as its chief executive. A severe physical breakdown four years ago compelled him to lay down the arduous labors imposed on him by his many positions of public leadership.

Succeeding Dr. Yui as general secretary of the National Committee of the Y.M.C.A. is S. C. Leung, who has been serving in an acting capacity in this position since Dr. Yui's break in health. Mr. Leung brings a long and successful experience in Y.M.C.A. work to his new task, having last year completed 25 years in this service. Dr. Yui has played a unique role in laying deep and broad the foundations on which his successors must now build. Associated in this undertaking are nearly three hundred secretaries serving on national, regional and local staffs.

Japan to Spend Quarter Billion Yen on Air Force in Two Years

More that Yen 250,000,000 will be spent in the next two years by the Japanese Army in building up its air force and the expansion of defence units, it was officially announced in Tokyo, Feb. 18. The expansion program will be conducted in the two-year period of the fiscal years, 1936-1938. Personnel of the Army, principally in the Air Corps, will be increased, it was stated. Improvements on military establishments will be principally in defensive areas like Tokyo, Nagoya, Osaka and various Kyushu areas. It also was announced that new aviation schools will be established, affording instruction both in flying and along mechanical lines. The program is expected to get under way early in the fiscal year of 1936.

Japan-Formosa Air Route May Be Inaugurated in October

Regular flights between Japan Proper and Formosa may be undertaken by the Japan Air Transport Company's machines late in October, two months earlier than scheduled, a company official announced in Tokyo, Feb. 18. Twin-motored, all-metal Douglas airliners built at the Nakajima Airplane Factory near Tokyo, after an American model, will be used to negotiate the 900-mile route from Fukukoa to Taihoku by way of the Loochoo Islands.

Unexpected rapid progress in the improvements to the Fukuoka airport, required by the high landing speed of the Douglas machines and their weight, was credited by the company official as making a moving-up in the schedule possible. Test flights will be carried out this summer, he said.

Meantime, the City Council of Kagoshima, in the southern tip of Kyushu has begun a movement to secure for the city an airport to be served by the Fukuoka-Taihoku line. Representatives of the southern city are now in Tokyo in an effort to obtain a Governmental appropriation to establish the airport.

Aviation Fund of $2,000,000 Aimed At in C. N. A. A. Drive

A second aviation fund raising campaign with the object ot raising $2,000,000 for the China National Aviation Association is being pushed this week under the leadership of Mayor Wu Te-chen with the cooperation of 400 teams under different leaders, Mayor Wu presided at a meeting of group leaders at the Y.M. C.A. in the French concession. The procedure of the campaign was discussed and a practical and comprehensive outline of the methods of approach in the aviation drive were drawn up. The drive is expected to give effect to the program of Shanghai's air-defense. Mayor Wu is being assisted by Li Da-chao, chief secretary of the City Government of Greater Shanghai, who is in charge of the campaign. A new site for the headquarters of the China National Aviation Association has been chosen at the Kiang-wan Civic Center, where a building will be erected in the near future.

New Pan-American Plane Carries Forty-seven Passengers

Through the dropping of a figure at the beginning of a line in the description under the photograph published on page 398 of *The Review* Feb. 16, of the new Pan-American Airways Clipper Ship No. 7, it was stated that the plane carries seven passengers. It should have been forty-seven.

Kiangsu Inaugurates Air-Defence Publicity Week

An Air-Defence Publicity Week was inaugurated at Chinkiang, Feb. 18, under the auspices of the Kiangsu Provincial Government. Besides inviting Government leaders and technical experts to give lectures and asking the press to issue supplements on air defence, special publicity corps have been organized and are being despatched daily to different parts of the city to teach the public what to do in the event of air raids.

S. V. C. Air Defence Co. Demonstrates New Fuselage

The Air Defence Company, of the Shanghai Volumteer Corps held a naming ceremany Feb. 15 for the new fuselage which has been introduced for ground training. It is based on the idea of giving complete instruction in the manipulation of controls and the use of the machine gun without getting off the ground. The machine was demonstrated by J. D. E. Shotter, the designer, who occupied the pilot's seat; he showed how the joystick and rudder bar could be operated and synchronized with a model airplane fitted over the pilot's cockpit.

Tokyo-to-Seattle Non-Stop Hop to Be Tried by Two Seattle Fliers

Two Seattle airmen are planning to embark on a non-stop Tokyo-to-Seattle flight in April or May. The plane they are using will be capable of floating for at least six hours if it should encounter disaster and be forced down anywhere on the journey.

Soviet Flier Missing Since February 1, Found After 18 Days

Pilot Golubev with a mechanic and two passengers, who started on February 1 on the regular passenger flight from the village Leshukonskoys to Archangel, a distance of about 250 kilometers, did not reach his destination. The energetic efforts to find Golubev's airplane, carried out with the participation of a considerable number of airplanes, skiing teams, hunters, and aero-sleighs, in the end were successful. The sparseness of population in that area rendered the search difficult. The supposition that Golubev was forced northward by the wind and carried to the Poltozer area, where engine trouble probably caused his forced landing, was later confirmed.

Golubev was later found in a non-freezing swamp, in an exhausted condition, after living 18 days on bark and hay.

Eight Persons Killed in British Plane Crash While En Route to Far East

Eight persons lost their lives when a British flying-boat speeding from Naples to the Royal Air Force seaplane base at Calafrana, Malta, crashed on a lonely hillside near Messina, in Sicily, Feb. 15. The machine, which was equipped with four engines, was one of the four planes en route from England to Singapore.

French Airmen Meet Mishap in Attempt to Make Record Flight to South America

Captain Paul Codos and Lieutenant Maurice Rossi, France's best known aviators, hopped off from Istres Feb. 16 in an attempt to better their own record for distance flying in a straight line to South America. They came to grief near Cape Verde Islands, where they landed owing to mechanical difficulties.

Japanese Airplane Plant Destroyed by Fire

An airplane manufacturing plant in Fukuoka, Japan was destroyed by fire last week; 800 motors were destroyed.

Dirigibles Have Bright Future, Says Japanese Air Officer

The *Macon* disaster has once more given rise to the question of the military and commercial value of the dirigible. Japan is much interested in the question because the Pacific Aviation Company is preparing to import German dirigibles to commence commercial aviation.

Commander Ryunosuke Kusaka, an aviation officer at Yokosuka, who is regarded as an air authority in Japanese navy circles and who has the experience of having flown from Kasumigaura to Los Angeles on the *Graf Zeppelin* when the dirigible visited Japan several years ago, made the following comment Feb. 14 regarding the *Macon* disaster: "I am confident that the future of dirigible is still bright. The dirigible *Los Angeles* now in the possession of the United States was constructed in Germany and has so far experienced no accident or trouble. The same is true of the *Graf Zeppelin*, which has made more than 50 trips between Germany and South America over the Atlantic on regular schedules. This shows that it is only the German dirigibles which have not developed trouble. The Germans have absolute confidence in their dirigibles. I am sorry for the United States but the question is that of construction of dirigibles and technique in operation. There is absolutely no danger to dirigibles if construction and operation are done with the minute attention and carefulness of the Germans. The Japanese must follow the success of the Germans in dirigibles."

Brigadier-General Mitchell Pins Faith to Dirigibles, Despite "Macon" Disaster

America's tentative plan to abandon the use of dirigibles as a result of the *Macon* disaster was described as a "sign of moral decrepitude," it was charged by Brigadier-General William Mitchell, former commander of the United States Air Corps, before ths House Patents Committee Feb. 14. Instead he said that the United States should build more of the big airships and make them a major wing of the American defense system. "If we had 50 Zeppelins properly manned and equipped we could go straight to any Asiatic power and destroy it!" General Mitchell stated.

Modern American Dairy Established in Shanghai

Poplar Grove Farms, Fed, Inc., U.S.A. is the latest addition to dairy enterprises in Shanghai. The new dairy is stocked with 60 Holstein and 40 Guernsey cows and equipped with the latest sanitary dairy appliances.

The Holsteins were imported from Milbrae Farms, California. The milk will be sold under the "Red Seal" trademark. The hood over the mouth of the bottle is provided with a spot-welded wire. The dairy is under the supervision of three technically trained American dairymen, all experts in their line. No part of the process of handling the milk is entrusted to Chinese employees, and the health of the animals is in the care of an American resident veterinarian. A down-town cold storage depot is maintained. Mrs. H. B. Campbell, well-known American business woman, until recently manager of the Chocolate Shop, is business manager of the new enterprise, which has the support of the Henningsen Produce Co.

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U. S. Supreme Court Upholds "New Deal" Gold Policy

In a series of decisions Feb. 18, which are described as being in some respects the strangest ever handed down by America's highest tribunal, the U.S. Supreme Court generally upheld the Roosevelt administration in its monetary policies and particularly on the point of refusing to honor the gold-clauses. The court gave outright approval to legislation eliminating the gold payment clauses from all private bonds, and also threw out other suits seeking to test this legislation as applied to Government bonds. In its opinion, the Court likewise threw out a suit seeking payment of the rate of U.S.$1.69 in the present devalued currency for every dollar of gold certificates surrendered under the Treasury orders seizing such certificates. In the cases involving Government bonds and gold certificates, the Supreme Court held that the United States Court of Claims, in which the cases were filed, has no authority to entertain such suits.

In the Liberty Bond case, the Court held that Congress "went too far" in eliminating the gold payment clause from Government bonds, but said that any action to recover must be in law. Ruling that the Court of Claims had no jurisdiction, the Supreme Court therefore threw out the claim, brought by Eugene G. Nortz.

The action of the Supreme Court in denying the jurisdiction of the Court of Claims appeared to leave the holders of Government bonds and gold certificates no recourse for the recovery of extra payments, regardless of the fact that Supreme Court expressed the belief that Congress went too far in applying the gold clause cancellation to Federal securities. The United States Government cannot be sued anywhere, except in the United States Court of Claims, without its permission.

Treasury officials consequently viewed the decisions of the Supreme Court as a complete victory for the Government, although the highest tribunal deliberately "hedged" on the issue involved in the Governmemt bond and gold certificate cases.

Action of the Court outlawed the gold clause in private obligations payable in any legal tender.

The ruling in the North Case was tantamount to denying the plaintiff the right to sue the Government and, simultaneously, denying all holders of Government securities the right to sue. By so ruling, the court avoided passing on the question of whether the holders of Government bonds and gold certificates are entitled to payment at U.S.$1.69 in devalued currency per U.S.$1.00 in the old currency. It also avoided ruling whether legislation outlawing the gold clause in private and public bonds is constitutional.

Stocks and commodities soared in New York as a result of the decision. The entire list on the New York Stock Exchange moved higher, some leading issues gaining as much as 10 points, while buying orders pouring in from all parts of the United States and many foreign financial capitals swamped brokers.

The general effect of the decision throughout the world was a general rise in stock and commodity prices. The American dollar dropped in relation to silver, English pounds and gold francs.

Saito Calls Hull's Attention to Anti-Japanese Legislation

Hiroshi Saito, Japanese Ambassador to the United States, Feb. 14 called the attention of Cordell Hull, Secretary of Statef to the anti-Japanese bills now before the State Legislatures o' California, Arizona and Washington, terming them "regrettable' in that they "unnecessarily tend to impair the amicable relations existing between the United States and Japan." Mr. Hull is quoted as having said that he had not yet received official information on the bills, but said he would make efforts to prevent the "turning of anti-Japanese sentiment into law" because that would impair the good relations existing between the two countries.

America Is Hostile to Japanese Colonization in Western Hemisphere

A message from Washington, Feb. 16 stated that, although abstaining from commenting on the recently-announced plans for Japanese colonization in Gran Chaco, American Government quarters were according a visibly cool reception to the project.

It is being emphasized in Washington in this connection that the constant hostility shown by the United States in regard to the Japanese colonization in the Western hemisphere has probably been one of the main reasons for Brazil's decision to put an end to this colonization on her territory.

Riots and Bombings in Havana—U.S. Consulate at Manzanillo Stoned

Riots and bombings broke out over Cuba Feb. 15 as officials of the United States and the southern republic joined in a ceremony expressing good will. Communists in Manzanillo engaged in severe riots and the United States Consulate was stoned. Fifty bombs exploded in the streets of Havana.

Commission to Study Exterritoriality Abolition in Manchukuo

The Tokyo *Nichi Nichi* Feb. 14 stated that the Japanese Government has decided to establish a commission shortly on abolition of extraterritoriality in Manchukuo with a view to letting Japan's neighboring State "maintain the honor and appearances of a complete law-governed nation." The general principles on which the plan will be based are believed to be as follows:

1. Japan will abandon her jurisdiction (right of administration of justice) concerning civil and criminal matters in consideration of the special relations between Japan and Manchukuo after Manchukuo promulgates and enforces major laws based on the modern legal sense and completes the modern equipment of the court and prison systems and after a certain period elapses.

2. However, the special areas (Kwantung Leased Territory and the South Manchukuo Railway Zones) are to be excluded.

3. Until Manchukuo completes her judicial system, a Japanese judge is to be employed in case the plaintiff is a Japanese.

4. In case Japan abandons all jurisdiction, Manchukuo is not only to open all her territory to the domicile and business of the Japanese but the Japanese subjects to be allowed to enjoy all sorts of rights, including that of immovable property.

5. Simultaneous with abolition of extraterritoriality Japan will recognize that the Japanese subjects are to obey Manchukuo's general administrative and police orders and that complete return of administrative right in the railway zones to Manchukuo is to take effect. But in such a case the Manchukuo Government is to take some means of compensation for tax burdens that may be suffered by the Japanese in the areas due to the measure, during a certain period.

Representatives of the Kwantung Army, the Japanese Embassy, the Kwantung Bureau and Manchukuo will sit on the special committee designed to aid the Tokyo and Hsinking committees discussing measures for the abolition of Japanese extraterritorial rights in Manchukuo. All members of the special committee will be Japanese.

Six-Point Program Announced for Manchukuo

A six-point program for the reform and improvement of internal administration in Manchukuo was announced Feb. 18 by Tsang Shih-i, minister of the interior, in an address at the first Provincial Governors Conference in Changchun. Premier Cheng Hsio-hsu, opened the proceedings with an address of welcome. The maintenance of peace and order; the promotion of cooperation between the various races; the consolidation of local finances; the abolition and mergers of hsiens; the enforcement of land regulations and the expansion of sanitation and public health activities comprise the highlights of the program.

Japan to "Loan" Fifty Judges to Manchukuo

As a preparatory step to the abolition of extraterritoriality in Manchukuo the Japanese Government will lend the new state the services of more than 50 judges to strengthen its judicial system. The loan of judges, it is stated, will be in response to an unofficial request made by the Manchukuo government. The men will be appointed to judicial posts in the South Manchuria Railway zone.

574,395 Coolies Enter Manchuria in 1934

A total of 574,395 coolies crossed Manchukuo's borders from North China, during 1934, according to official figures issued this week. It was also revealed that the South Manchuria Railway Company and the Manchukuo railway authorities are completing plans to transport this year's influx of coolies, which is expected to reach 800,000. The "coolie season" began this month, and will last until the end of autumn, when the seasonal workers will commence their trek homeward, to Shantung and other provinces of North China.

Chinese Volunteers Try to Invade Korea

A gang of over 300 armed Chinese volunteers, led by Li Chiang-kwang, commander of the people's revolutionary forces of the Northwest, reached the northwestern borders of Korea, last week and threatened to invade Korean territory.

Tientsin Korean Red Shoots Japanese Policeman at Shanhaikwan

Masakichi Kubota, police officer attached to the Shanhaikwan branch of the police section of the Japan Consulate-General at Tientsin, was shot and seriously wounded by a Korean Red suspect at the Toyokan Hotel in Shanhaikwan, on the morning of Feb. 7. The wounded officer was immediately taken to a nearby Japanese hospital where he was reported to be in a critical condition. Mr. Kubota was questioning the Korean on a warrant of suspicion when the latter suddenly drew out a pistol and shot the police officer in the forehead. The Korean immediately fled. The suspect is believed to have been a communist who had been planning to enter Manchukuo to engage in political activities.

The arrest of more than 100 Korean communists last November in Seishin, Ranan, Kainei, Yuki, Joshin and other towns in northern Korea was revealed Feb. 16 with the raising of the official press ban. The police at Seoul said that following the return from Soviet Russia of one Gen, last May, Korean communists headed by Yo Jinson pushed forward the organization of red "cells" among the farmers and workers of north Korea. The were, however, rounded up early in Novermber, when they began to distribute circulars on the anniversary of the Soviet "October Revolution".

"Pravda" on Volunteers' Activities in Manchuria

In connection with press reports about fighting in Manchuria by anti-Japanese volunteers, Moscow *Pravda* writes:—"These battles deserve particular attention. As a rule, the insurrection wave decreases every winter season, due to the severe weather conditions in Manchuria and the utter lack of clothing and food which make it impossible for the insurgents to make any rapid advance. However, 1934 has proved to be the hardest year for toilers in Manchuria. Millions of hungry and exasperated peasants have moved from villages to towns, and scores of thousands have joined insurgent detachments. Depite severe cold, they advanced towards Mukden, Chinchow, and Kirin unexpectedly for the Japanese military authorities".

Recalling that only one month ago the Japanese press insisted that all insurgents in Manchuria have been entirely "liquidated." *Pravda* concludes: "One must admit that these press reports were premature".

Fushun Coal Export Reaches New Record

A total of 812,370 tons of coal was exported from the Fushun collieries, operated by the South Manchuria Railway Co., in January, setting a new all-time high mark.

S.M.R. Super-Express Service to Be Extended to Harbin

The S.M.R. announces that the super-express train service between Dairen and Hsinking will be extended to Harbin commencing August 1, the distance between Dairen and Harbin to be covered in about 13 hours.

British Engineer Appointed Advisor to Manchukuo State Railways

A. M. Coppin, a British subject, has been appointed advisor to the Manchukuo State Railways. He is a resident of Shankaikwan.

Japanese Captain Commits Harakiri on Board Ship at Osaka

Feeling responsibility for a delay in joining his unit, which sailed from Osaka for Manchuria on Feb. 15 Captain Akihika Takase of the Fourth Field- artillery Regiment in Osaka committed *harakiri* on board the ship just before her departure. He is described as having been a model officer.

Decorations Awarded to Leaders of Military Activities in Manchuria

Extensive lists of honors and swards for distinguished services in connection with the Japanese military activities in Manchuria since 1931 were scheduled to be announced Feb. 20. General Shigeru Honjo, commander in chief of the Kwantung Army in 1931 and early in 1932, was to receive the first order of merit of the Golden Kite Japan's distinguished service order, with recommendation for a baronetcy. The late Gen. Nobuyoshi Muto, first Japanese ambassador to Manchukuo, will also receive the same decoration posthumously. Gen. Hishigari, who suceeded Gen. Muto, was awarded the Grand Cordon of the Paulownia.

Lieut-Gen. Mitsuharu Mivake, Lieut.-Gen. Kuniaki Koiso and Lieut.-Gen. Toranosuke Hashimoto, who served successively as chiefs of staff of the Kwantung Army, received the Order of the Merit of the Golden Kite.

Foreign Oil Firms to Secure Licenses from Manchurian Government

The *Tokyo Asahi's* correspondent at Chungchun Feb. 14 wired that the Manchukuo Government has decided to issue licenses for the following oil wholesalers: 18, Asiatic Petroleum Company; 21, Standard Vaccum Oil Company; 14, Texas Oil Company, and 26, others including Soviet oil interests. Wholesalers in remote places will be designated by the Manchukuo Government and their names will be announced shortly together with 300 sub-wholesalers. The decision on the wholesalers will mean the completion of the distribution system of the oil monopoly. The products of the Manchukuo Oil Company will be placed on the market at the end of this month.

National City Bank to Close Mukden Branch May 31

The National City Bank of New York has announced that its branch at Mukden will be closed on May 31, owing to poor business. The Dairen and Harbin branches will be continued. *Rengo* mentioned that the Mukden branch of the National City Bank was generally regarded as the leading institution of its kind in said city in the days when Marshal Chang Tso-lin and his son, Chang Hsuen-liang, ruled Manchuria.

PEIPING-LIAONING RAILWAY

ABRIDGED TIME TABLE

1st July, 1934 and until further notice.

Down Trains										Up Trains							
41 Slow D 1 2 3	301 Ex. S D 1 2 3	1 Ex. S D 1 2 3	305 Ex. S D 1 2 3	23 Fast D 1 2 3	5 Ex. D 1 2 3	21 Ex. S D 1 2 3	3* Ex. S D 1 2 3	MAIN LINE STATIONS		302 Ex. S D 1 2 3	22* Fast D 1 2 3	42 Slow D 1 2 3	4 Ex. S D 1 2 3	24 Fast D 1 2 3	2 Ex. S D 1 2 3	306 Ex. S D 1 2 3	6 Ex. D 1 2 3
5.45	15.05	8.45	18.50	13.15	16.30	20.15	10.55	dep.	Peiping	arr.	10.24	11.29	17.55	18.42	23.17	9.18	8.19	11.50
6.20	15.36	9.13	19.20	13.46	—	20.48	11.24	,,	Fengtai	dep.	9.54	10.55	17.21	18.15	22.48	8.47	7.49	—
7.45	16.40	10.21	20.26	15.01	—	22.08	--	,,	Langfang	,,	8.50	9.26	15.43	—	21.34	7.45	6.43	—
9.16	17.50	11.28	21.39	16.30	19.07	23.38	13.32	,,	Tientsin Central	,,	7.40	8.03	14.14	16.05	20.11	6.39	5.30	9.15
9.25	17.59	11.36	21.48	16.39	19.15	23.47	13.40	arr.	Tientsin East	dep.	7.30	7.50	14.00	15.55	20.00	6.30	5.20	9.05
9.35	18.20	11.50	22.20	16.55	—	24.00	13.50	dep.	,, ,,	arr.	7.05	7.36	13.46	15.40	19.50	6.15	4.50	
10.38		12.47		18.03	Stop	1.10	14.47	,,	Tang-ku	dep.		6.31	12.46	14.45	18.51	5.11		
11.46		13.45		19.08		2.18	15.40	,,	Lu-tai	,,		5.25	11.41	13.48	17.43	4.08		
12.52		14.42		20.11		3.32	16.39	,,	Tang-shan	,,		4.15	10.30	12.50	16.37	2.58		
13.39	FOR SHANGHAI	15.17	FOR PUKOW	20.47		4.20	17.14	,,	Ku-yeh	,,	FROM SHANGHAI	3.30	9.44	12.18	16.05	2.16	FROM PUKOW	
14.29		15.49		21.21		5.12	17.46	,,	Lanhsien	,,		2.32	8.45	11.39	15.22	1.18		
15.32		16.31		22.11		6.18	18.28	,,	Chang-li	,,		1.29	7.40	10.58	14.37	0.19		
16.16		17.04		22.46		7.07	19.01	,,	Pei-tai-ho	,,		0.39	6.54	10.27	14.00	23.31		
16.43		17.23		23.08		7.33	19.20	,,	Chin-wang-tao	,,		0.01	6.25	10.04	13.35	22.59		
17.05		17.40		23.26		7.55	19.37	arr.	Shan-hai-kwan	,,		23.30	6.00	9.45	13.15	22.30		
		18.40						dep.	,,	arr.						21.26		
		16.25						arr.	Shenyang (Mukden)	dep.						10.15		

S. D.—Sleeping and Dining Cars. D. Dining Car.

Refund of Fares :— Passengers must get Station Master to endorse ticket in connection with which they intend to claim refund.

No. 3 and 22* Temporary suspended.

Tientsin, 1st July, 1934.

BY ORDER.

Sven Hedin, Back in Nanking, Relates a Thrilling Tale of Experiences

Dr. Sven Hedin, famous Swedish explorer and leader of the Government's Suiyuan-Sinkiang Highway Inspection Mission, returned to Nanking Feb. 15 after a long expedition via Sian, provincial capitial of Shensi. He was accompanied by Kung Chi-cheng, engineer, and other Chinese and foreign members of the Mission. In an interview, Dr. Hedin said that under orders of the Ministry of Railways, the Mission, with five motorcars and a supply of gasoline and foodstuffs, left Peiping for Kweihua, provincial capital of Suiyuan, in October, 1933. After spending some time in Kweihua, the party proceeded to Pailingmiao, Inner Mongolia, in November, reaching Hami, eastern Sinkiang, in February, 1934, via Hsi-Tsao-Kou and E-Chi-Na in Mongolia.

No sooner had they arrived in Hami, than war broke out between the rebel general, Ma Chung-ying and general Sheng Shih-tsai, Defense Commissioner for the Sinkiang Border. As a result, the party was detained by General Ma for one month in Ku-erh-lei, two months in Lob Nor and some time in Luntai, eastern Sinkiang. After release, they spent four and-a-half months in Tihua, provincial capital of Sinkiang, awaiting fuel for their cars.

From Tihua, Dr. Hedin continued, the party again proceeded to Hami en route to Suchow, northwestern Kansu, via Hsing-hsingcha, Ansichow and Yumenkwan. The party then broke up into two groups, one heading for Liangchow, northeastern Kansu, by the old provincial route and the other for E-Chi-Na by way of Tinghsin and Weiyuan. After reassembling at Lianchow, the party was again divided into two groups, one going to Chungwei to survey the old Ninghsia route and the other to Niaosha Ling (Hill) in Kansu. They finally met at Lanchow, provincial capital of Kansu.

During the trip, two main highway routes were surveyed, including the 1,060-mile route in the north between Kweihua and Hami and the 864-mile route in the south between Hami and Lanchow. Two branch routes were also discovered, one between Suchow and E-Chi-Na, 250 miles long, and another between Liangchow and Lanchow. 300 miles long.

Dr. Hedin, and Dr. Erick B. Nerin, his confrere on many journeys into Central Asia, spent several days in Shanghai this week. After a brief stay here, Dr. Hedin and Dr. Norin will proceed to Peiping, from where they expect soon to leave for their native Sweden.

On the recommendation of Wang Ching-wei, the National Government will confer the Tsaiyu Medal (Order of the Brilliant Jade) on Dr. Sven Hedin.

Manchukuo Wants Lake Buyer-Nor Conference Held at Khalka Miao

Manchukuo officials who recently visited the Lake Buyer-nor district, where Outer Mongolian troops clashed with forces of the new State late last month, on their return to Changchun discussed with their superiors the venue and the date of the border delimination conference which they plan to hold with Outer Mongolian representatives. Verkne-Udinsk in Siberia, Ulambator the capital of the Outer Mongolian National Republic, and Sambeze, a point west of Lake Buyer-nor have reportedly been mentioned by the Mongolian delegates as places suitable to them. The Manchukuo officials have repeatedly declared that a venue on Soviet Russian or Outer Mongolian soil is unacceptable and have suggested Khalka Miao, scene of the incidents, as a suitable meeting place.

A high official at Changchun Feb. 15 emphatically declared that no third party interference would be tolerated in the discussions.

Soviet Comment on Chahar Situation

Moscow *Pravda* comments :—"For a long time the Japanese militarists have been directing their attention to Chahar, Inner Mongolia, and the Northwestern provinces of China. A whole network of highways, caravan roads, and other roads leads from Chahar to the Mongolian National Republic. With Chahar as base of operations, the Japanese militarists will obtain wide possibilities for the development of their offensive both in the direction of frontiers of Mongolian National Republic and the Northwestern provinces of China. It is interesting to note that the so-called "Ministry of Mongolian Affairs has recently been formed by the Manchukuo Government. This Ministry "has under its control" a very large district of Inner Mongolia, and already beforehand included Northern Chahar as part of the Manchukuo territory.

"The Chahar operations, started owing to an 'incident' created by Japanese commanders, show that Japanese militarism is steadfastly following its program of territorial seizures in China and of transformation of Manchuria and North China into a drilling ground for the future 'Great War'."

Chinese Unite to Prevent Dumping of Japanese Matches

Arrangements for co-operation in the manufacture and sale of matches have been agreed upon between match manufacturers in the six provinces of Kiangsu, Chekiang, Anhwei, Kiangsi, Hupeh and Hunan, so as to secure a united front in resisting the dumping of Japanese goods.

Seiyukai and Minseito Unite to Pass Two Billion Yen Budget

THE SEIYUKAI and Minseito parties united Feb. 14 in the Tokyo House Representatives to pass the Government's two billion Yen (Yen 2,193,414,000 in the general accounts) fiscal budget for 1935-36 over the opposition of a small but belligerent faction within the Kokumin Domei, third largest group in the Lower Chamber. The bill had received the approval of the budget committee of the Lower House of the Diet, the previous day. The full budget committee proceedings opened with an interpellation by Toshio Shimada of the Seiyukai, who criticized as unsatisfactory Premier Okada's statement that the Government would provide Yen 15,000,000 additional relief appropriations through increasing the second reserve fund. The Seiyukai, he said, was dissatisfied with the small amount. The Seiyukai speaker next expressed regret over the military expenditures, asserting that they were too large compared with appropriations for industrial and other purposes. Turning to the question of the finances of local Governments, Mr. Shimada said the Seiyukai had hoped that the Government would act toward granting subsidies so that local finances could be readjusted. He asked for a clear-cut statement of policy. Replying to the interpellator Premier Okada said that the Government was in favor of action to straighten out the tangled situation of local finances. But the Government wished to submit the matter to the commission for the study of national policies, which is to be organized shortly. Premier Okada said that should the need for additional relief be proved, the Yen 15,000,000 additional appropriation would first be drawn upon. If the commission appointed by the Government to survey relief needs should find still further expenditures necessary, the Government would not begrudge the necessary appropriations, he added.

When the budget was in the committee stage, Premier Okada, Navy Minister Osumi and Foreign Minister Airota took part in the discussions . The Navy Minister said that if the general world situation remained as it is to-day, the fiscal year 1936-37 would witness the highest naval expenditure on record.

The Foreign Minister said that the success of the forthcoming Disarmament Conference would favorably influence Japan's financial outlook. Nobody could foretell the outcome of the Conference, but the whole nation ought to combine its efforts to bring it to a successful termination, he added.

The Navy Minister, replying to an interpellation, said that should a naval building race unfortunately arise, the Japanese nation would have to form a strong resolution. But he did not think that even in the event of the failure of the Conference, the Powers would embark on a building race, which entailed heavy expenditure. It would be unwise to dissuss such a situation before it actually arose. The present need was to try to leave no stone unturned to avert such a contingency. At the present moment, he concluded, no Power seemed to be disposed to undertake heavy armaments expansion.

Dr. Ogawa, of the Minseito, who interpellated, said he was far from being convinced; he pointed out that the new Budget showed that all other items were subordinated to the national defence expenditure.

The Premier stood firm to his guns, and declared that while practising economy wherever necessary, the requisite disbursements have been provided for as far as financial circumstances permit. The Government, he said is ever mindful of reducing the national defence expenditure to lighten the burden of the nation. It is in pursuit of this object, the Premier explained, that the Government is putting forth earnest endeavors to carry Japan's just claims at the forth- coming Disarmament Conference.

The interpellator said that it is not a matter calling for future consideration, but one pressing for immediate attention. National finance must be placed on a solid basis. The present uneasiness at home springs largely from the fact that the future financial situation of the country is veiled in great uncertainty, he said.

Hayashi Says More Japanese Troops Needed in Manchuria After C.E.R. Transfer

A prediction that the number of Japanese troops in Manchuria will be increased if and when the North Manchuria (Chinese Eastern) Railway is transferred to the new state was made in the Japanese House of Peers Feb. 18 by Gen. Senjuro Hayashi, war minister. Such an increase, the war minister explained, would be necessitated by the need to have Japanese guards along the N.M.R. line. Gen. Hayashi also explained that Yen 100,000,000, which he declared previously would cover the annual army expenditures in Manchuria, applied only to the present circumstances, and did not take into consideration the question of N.M.R. guards. The statement was made in reply to questions put by Baron Asada. General Hayashi intimated that the army would demand 200,000,000 yen for replenishment of war materials in the budget for 1936. This sum, he declared, would be spread over a period of three years.

Japanese Say They Will Not Build a "Manchukuo" Navy

Unofficial circles in Tokyo stated end of last week that there is little possibility that Manchukuo will build any effective navy, due, in part, to the fact that it is without harbors capable of handling warships. A spokesman from the Foreign Office stated: "I hardly believe that a nation as large as the United States is likely to worry overmuch about Manchukuo's gunboats on the Sungari and Amur Rivers or about any future expansion of its facilities along this line." The statement came in answer to a question by a foreign news correspondent regarding a report that Japan may use Manchukuo as a shield for construction of more ships.

Japanese Minister to Mexico Appointed to Concurrent El Salvador Post

Yoshikata Hori, Japanese Minister to Mexico, has been appointed concurrently the Minister to El Salvador.

Senator Thomas Advocates Exchange of Japanese and American Students

Government-subsidized exchange of students between the United States and Japan, as one of the means of preventing war was urged in Washington Feb. 14 by Senator Thomas from Utah, leader of the Senate "silver bloc." He predicted that an unprecedently ghastly war is inevitable between the United States and Japan, unless steps were taken to remedy the present atmosphere of suspicion.

Governor General of Queensland Visits Japan

Sir Leslie Wilson, Governor General of Queensland, is on a visit to Japan. Although he is visiting Japan in an informal capacity, a luncheon was given in his honor Feb. 18 by the Japan-Australia Association in Tokyo.

Chile Suggests That Japan Buy More Saltpeter

Sergio Montt, Chilean Charge d'Affaires called on Mr. Kurusu, director of the commercial affairs bureau in the Tokyo Foreign Office, Feb. 16 and asked the good offices of the Japanese government in readjusting trade between Chile and Japan. He drew attention to the fact that Chile last year imported Yen 7,500,000 worth of merchandise from Japan, which, in turn, bought only Yen 3,500,000 from Chile. M. Montt suggested that Japan buy more saltpeter from Chile. The Cuban commercial representative also saw Mr. Kurusu and suggested that Japan buy more Cuban tobacco so as to balance trade between the countries.

Japanese Organizations Prepare to Welcome American Economic Mission

The Japan Economic League held a meeting of the America-Japan Trade Council at the Industrial Club, in Tokyo Feb. 9, and decided to appoint a welcome preparation committee to be composed of the members of the three organizations, viz., Tokyo Chamber of Commerce and Industry, Japan Industrial Club and Japan Economic League, for the forthcoming American Economic Mission when it arrives in Japan late in April. The Mission will be headed by the former American Ambassador to Tokyo, Cameron Forbes. E. P. Thomas, former vice president of the U. S. Steel Corporation, and president of the National Foreign Trade Council, is vice chairman of the Mission. The Mission is scheduled to depart from San Francisco on the Dollar liner *President Coolidge* March 22.

French Object to 1940 Olympic Games Going to Japan on Score of Cost

Despite Italy's waiver on the right to the Olympic Games in 1940, there is Paris, agitation against the contests going to Japan. in Some French interests say that the time and expense involved in travelling all the way to the Orient would bar from the competitions all save wealthy amateurs.

Japan wants the games held in Tokyo in conjunction with her celebration of the 2600th anniversary of the founding of the Empire and Italy has waived her plans to favor Japan. The only protest against Japan being host to the Olympics so far has been on the grounds that cost to contestants would be prohibitive.

A belief that sports circles in the United States would support Japan's request to stage the 1940 World Olympic Games in Tokyo was expressed by Col. Brundage, chairman of the American Olympic Committee, according to a report from Chicago. Col. Brundage was quoted as saying that American sportsmen wished to promote U.S.-Japanese friendship through the medium of sports.

American Footballers to Tour Japan

Thirty-five American football players, mostly graduates of the University of Southern California and other Western colleges, will arrive in Japan March 10. They will give demonstration games in Tokyo, Osaka, and other Japanese cities.

Wang Ching-wei Discusses Basis of Friendship With Japan

High hopes of a "rational solution of the fundamental issues" between China and Japan, if the people of the two countries sink their immediate differences in a desire for durable peace, were expressed by Wang Ching-wei, president of the Executive Yuan, in a speech before the Central Political Council in Nanking Feb. 20. Commenting on the speech delivered by Koki Hirota, the Japanese foreign minister, in the Diet on January 23, Mr. Wang, among other things, said :—

"I wish to emphasize, with all frankness and seriousness, that we wish to solve all complications between the two countries with a fullness of sincerity and through pacific means, as well by regular procedure, so that all suspicions and all speeches and actions mutually repulsive ane detrimental gradually may be eradicated; and that the hope of close friendship between the two countries entertained by our late party leader, Dr. Sun Yat-sen, may be realized."

Death of Basil Hall Chamberlain—An Eminent Authority on Japan

The death occurred in London, Feb. 16, of Prof. Basil Hall Chamberlian, Britain's most eminent authority on Japan. He lived in Japan for many years and wrote in Japanese the first Japanese grammer ever published. He was the author of one of the standard works in English to learn the Japanese language. Among his many publications was a brochure entitled, "The Invention of a New Religion," first published in Loodon in 1912 and reprinted in 1933 by the Pan-Pacific Cultural Association of Canton in 1933. It was described as the most brilliant essay on the Japanese mind and Mikako-worship ever written. In the course of his pamphlet, Prof. Chamberlain said : "Mikado-worship and Japan-worship—for that is the new Japanese religion—is no spontaneously generated phenomenon . . . . Japanese officialdom acts quite naturally, after its kind, in not allowing the light to be let in, because the roots of the faith it has planted need darkness in which to grow and spread. No religion can live which is subjected to critical scrutiny."

Anglo-Japanese Trade Body Is Formed in Tokyo

An Anglo-Japanese Trade Commission for the prevention of "economic competition" between the two countries, was inaugurated in Tokyo Jan. 15. Baron Seinosuke Goh, Japan's leading financier, conducted the inaugural meeting. The body was formed as the result of the visit to Japan of the Federation of British Industries' Mission. The commission, Baron Goh added, would not only study the ways and means of eliminating trade rivalry, but would also strive to promote cooperation between the two nations.

Japanese Military Favors Amalgamation of "Nippon Dempo" and "Rengo" News Agencies

Recent telegrams from Tokyo revived rumors that the *Shimbun Rengo News Agency* (*Associated Press of Japan*) and the *Nippon Dempo News Agency* will combine shortly. Well-informed observers were quoted as saying that the military wished to have complete control over the news agencies, the consolidation of the two leading agencies aiding this step. This was done in Manchukuo where the single news agency, *Koketsu*, is an official organ and takes the place of all previous existing news agencies in that section. The amalgamation of *Rengo* and *Nippon Dempo*, if effected, will be regarded with regret by many Japanese newspaper editors, who feel their news sources would be badly bottled up if dished out by a single military-controlled news agency.

The Teito *Nichi Nichi*, in discussing the proposed amalgamation, says that those responsible for the negotiations explain that the new organization to be born will not be a puppet of the Foreign Office and the Broadcasting Association. It is admitted, however, that the Foreign Office would force the choice of the President of the new organization appointed. The majority of the directors of the new organization are to be chosen from the leading newspapers of the country. The Broadcasting Association will employ a fund of Yen 4,000,000. Of this, Yen 2,000,000 is to be used for the purchase of *Nippon Dempo*, and Yen 500,000 for the purchase of the *Nippon Dempo* building. The rest of Yen 1,500000 is to be used to buy up *Rengo* and provide funds to operate the newly-born news organization.

$420,000 Net Surplus from Lottery Sales

A total net surplus amounting to $420,000, was realized from the sales of the National State Lottery Commission to the National Adviation Reconstruction Commission according to information from the Ministry of Finance this week.

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Japanese Finance Ministry to Assist Manchukuo in C.E.R. Purchase

A recent Tokyo message stated that an understanding has been reached whereby the Deposits Section of the Japanese Ministry of Finance will come to the aid of Manchukuo should market conditions prevent the bankers' syndicate, underwriting the Yen 170,000,000 bond issue necessary to finance the purchase of the North Manchuria (Chinese Eastern) Railway, from furnishing cash. This assistance, according to a Tokyo official, will be available only if all other steps fail, and will consist in the purchasing of the bonds by the Japanese Government so that Manchukuo shall not default in her obligations to the U.S.S.R.

Other details, which have been worked out by representatives of the Kwantung Army and the newly-formed Manchurian Affairs Bureau, directed by Gen. Hayashi, minister of war, are said to include:

1. The entire bond-issue will be floated in Japan through the bankers' syndicate, but only parts of the issue will be placed on sale as need for actual cash arises.

2. An open-end mortgage will pledge all the assets and property of the railway as security for the loan.

3. The Manchukuo government will borrow from the South Manchuria Railway the necessary operating funds as soon as it takes control of the system. The amount of the loan will vary between Yen 30,000,000 and Yen 40,000,000.

Rates on C.E.R. Will Be Lowered Following Transfer

Lowering of the North Manchuria Railway (C.E.R.) rates as soon as the Soviet-Manchukuo transfer agreement is ratified is being considered by the Bureau of Manchurian Affairs, of which General Hayashi, War Minister, is the director. *Rengo* says the Bureau and the management of the South Manchuria Railway, which now manages all of the Manchukuo states railways, desire to bring down the N.M.R. rates to a level comparable with other railroads in the State.

Soviet Employees of the C.E.R. Released

According to a *Rengo* report, the Manchurian authorities announced Feb. 16 that six Soviet employees of the Chinese Eastern railway, arrested by the police in August, 1934, on the charge of conducting revolutionary propaganda, have been released owing to the lack of evidence.

Chinese Volunteers Active Along C.E.R.

The Erthaohedzu station on the Chinese Eastern Railway was the scene of serious fighting between Chinese volunteers and Manchukuo troops, according to belated despatches from north Manchuria. It is stated in the reports that the volunteers suddenly attacked on Feb. 13 the station building, but could not take it owing to stiff defense offered by the guards. One man was killed and another seriously wounded during the battle, the reports further stated.

U.S.S.R. vs. U.S.A.

The following comparisons of Soviet and American output are from *Business Week*:

Production	*United States*	*U.S.S.R.*	
	1934	*1934*	*1935 Plan*
Pig Iron (million tons)	15.9	10.5	12.5
Steel (million tons)	25.3	9.6	11.8
Coal (million tons)	414.9	93.5	112.0
Oil (million tons)	129.8	24.0	28.4
Electric Power (billions kw.-hr.)	90.7*	20.9	24.9
Copper (tons)	355,300	41,000*	71,000
Automobiles	2,720,000*	72,458	92,000
Tractors	77,000*†	90,728	97,000
Locomotives	91	1,375	1,480
Cement (million bbl.)	77.8	21.3	28

*Estimates. †Standard Statistics.

Ambassador Troyanovsky Says Soviets Ready for Debt Talks

Alexander Troyanovsky, Soviet Ambassador, in a speech at Philadelphia, Feb. 14, said the Soviet Union will be glad to re-open debt negotiations with the United States but it is hard for Russia to understand why America allows debts to stand in the way of tremendous trade advantages. "The United States is the only nation with which we have diplomatic relations which still talks about the old Tsarist and Kerensky government debts," M. Troyanovsky said.

Blucher Praises Accomplishments of Skiers

An enthusiastic welcome was accorded in Moscow Feb. 14 to participants of the ski runs from Nerchinsk to Moscow, a distance of 7,000 kilometers, and from Habarovsk to Moscow, a distance of 8,134 kilometers. Blucher, the Commander of the Special Far-Eastern Army, in a speech of welcome, stated that the fighters of the Special Far-Eastern Red Army, who accomplished these feats, together with the whole army in the Far East are ready to give all their strength for the defence of Soviet frontiers and Socialism.

Soviet Russia's Formal Recognition of Manchukuo Is Foreshadowed

The Tokyo *Yomiuri* discussing the outstanding problems between Japan, Manchukuo and Soviet Russia says it is regarded as likely that negotiations may be commenced for a settlement of such issues as Soviet Russia's formal recognition of Manchukuo, fishery problem, creation of a demilitarized zone on Japan-Manchukuo-Soviet border, North Saghalien oil, the Halha, incident, etc.

Communist Leader Shot By Peasants on Collective Farm

At Voronesh, another attempted assassination took place Feb. 19 on a collective farm, when three revolver shots, fired by peasants, struck a Communist leader named Burkalov. The victim is not expected to recover. A Communist, named Medkov, was shot dead by three peasants, who were arrested just before the attempt on Burkalov's life was made.

Nanking to Protest Against Reported Sale of C. E. R.

In connection with the press report of the impending conclusion of the agreement for the sale of the Chinese Eastern Railway by Soviet Russia to Japan, it is learned from authoritative quarters that the Ministry of Foreign Affairs will lodge another protest with Russia and Japan. The Ministry will declare that any agreement for the disposal of the Railway without previous knowledge and formal consent of the Chinese Government will be considerd a violation of Chinese sovereign rights over the Line and will be null and void.

Lottery Prosecution in British Police Court in Shanghai

Apparently acting on complaints from Japanese, a prosecution was started in the British Police Court Feb. 13 against Fred Ellis of unlawfully selling tickets for a certain lottery not authorized by any Act of Parliament The actual charge read:—"That you, in or about the month of December, 1934, at Shanghai, unlawfully sold tickets in and for a certain lottery not authorized by any Act of Parliament, to wit, a lottery known as the International Country Club New Year Sweepstakes, Contrary to Section 41 of the Lottery Act, 1823, and Sections 4 and 21 of the Vagrancy Act, 1824. Alternatively, that you, in or about the month of December, 1934, at Shanghai, employed Kiho Sasaki in the unlawful selling of tickets in and for a certain lottery not authorized by any Act of Parliament, to wit, a lottery known as the International Country Club lottery, contrary to the Lottery Act of 1823 and the Vagrancy Act of 1824."

For the prosecution, J. McNeil, on behalf of the Shanghai Municipal Police, said that in the *Shanghai Times* building, on Avenue Edward VII, was a room stated as occupied by the International Country Club. Kiho Sasaki was engaged by the accused to sell chances in a lottery known as the New Year Sweepstakes.

A long argnment ensued between the prosecution and the lawyer for the defence, the latter contending that the Lottery Act was no longer applicable to British subjects resident in China; firstly, in view of the Municipal Bye-laws of the Settlement; and, secondly, that the Lottery Act, under which this charge was proceeding, had been repealed and was now governed by the Betting and Lotteries Act which came into force in November 1934.

To the plea of the defense that "this is a club," Mr. McNeill said he was not prosecuting a club: the particular lottery appeard to be named the Intertional Country Club New Year Sweepstakes, but he knew nothing of that. He was not prosecuting the accused in any particular capacity; he was prosecuting him in person.

Kiho Sasaki, a Japanese who described himself as a teacher, said he knew the International Country Club and also Mr. Ellis, who asked him to sell the tickets. He received from the accused 40 books containing 36 tickets in each, and of these he ultimately sold 583. The tickets, specimens of which were shown in Court, were marked with the name of the International Country Club. The race was to be run on January 1 and the draw to take place on December 31. On the latter date he helped Mr. Ellis and three others in the drawing One of the tickets that passed through his hands drew the third prize of $133.50, of which he took 10 per cent., as was the custom.

The case came before the Court again Feb. 19, when counsel for the accused K.R.E. Newman, gave evidence to the following effect:—"I am a member of the Shanghai Race Club and of my own personal knowledge the Race Club have for years past run a lottery twice a year. Of late years, books to the value of $100 have been sold for $90, and the member who purchases them receives one ticket free. The member of the Race Club then can, if he so desires, sell these tickets or give these tickets in exchange for $10 to any person he so desires. I also know that the public press, after the race meeting, publish in their columns the numbers of a great many lotteries that are run by, or managed by, collections of British subjects, and other nationals. Notices of lotteries have been exhibited in public bars and stores. I have always understood, as a member of the public, that the running of lotteries in Shanghai was not subject to police disciplinary notice or attention in practice."

Who's Who in China

Chow Chun-yen, Government official; born at Fenghua, Chekiang, 1872; was graduated from the Law College of Japan; joined the Kuomintang in 1924; chief of the Supply Bureau of the Whampoa Militaty Academy, 1924; director of the Supply Department of the First Nationalist Revolutionary Army, 1925; member of the Finance Committee of Chekiang, 1926; Salt Commissioner of Chekiang, 1927; member of the Chekiang Provincial Government, 1828; member of the Executive Committee of the Chekiang Provincial Party Headquarters and concurrently Superintendent of the Commissariat Department of the Headquarters of the Generalissimo of the National Army, Navy and Air Force, 1930; in recognition of his metitorious services, he was awarded a 2nd Class Pao Ting Order by the National Government, 1931; member of the Chekiang Provincial Government and concurrently Commissioner of Finance, 1932; Director of the Supply Department of the Ministry of War, since 1934; address: Supply Department, Ministry of War, Nanking.

周駿彥字枕琴

Chow Chun-yen (Chou Chun-yen)

周駿彥。字枕琴。現年六十三歲。浙江奉化縣人。曾畢業於日本法政大學。民國十三年入中國國民黨。同年任黃埔軍官學校軍需部主任。翌年任國民革命軍第一軍軍需處長。十五年任浙江省財務委員會委員。翌年任兩浙鹽運使。旋調浙江省政府委員，十八年任中國國民黨浙江省監察委員兼中央第一編遣區經理處長。翌年任中國國民黨浙江省執行委員兼陸海空軍總司令部經理處長。二十年國府以其功在黨國，特授以二等寶鼎勳章。翌年任浙江省政府委員兼財政廳廳長。廿三年調任軍政部軍需署署長，現仍任斯職。

China Development Finance Corp. Holds First Annual Meeting

A meeting of the shareholders of the China Development Finance Corporation was held at the Bankers' Club, in Shanghai Feb. 16.

On behalf of Dr. H. H. Kung, Chairman of the Board of Directors, who was unable to attend, T. V. Soong, member of the Board, presided. Over 100 shareholders were present. After Mr. Soong reported on the business of the Corporation for the past year (1934), the meeting elected Messrs. Chang Ching-kiang, Wang Po-yuan, Sun Heng-fu, Fu Hsiao-an, Chu Chi-kang, Chang Wei-ju, Hsu Pu-sum, Wang Pao-lun and T. A. Soong as members of the Supervisory Board. The business of the Corporation has increased steadily since its inauguration a year ago.

Finance Ministry to Establish Exchange Bureaus Abroad

The Ministry of Finance has decided to establish International Exchange Bureaus at impotant cities in various foreign countries to facilitate the transaction of money-orders. It is understood that such establishments will be semi-independent in status, though their head office will be attached to the Central Bank of Cnina. Agencies will be opened in less important towns which have some commercial relations with China. These offices will be officially opened in March.

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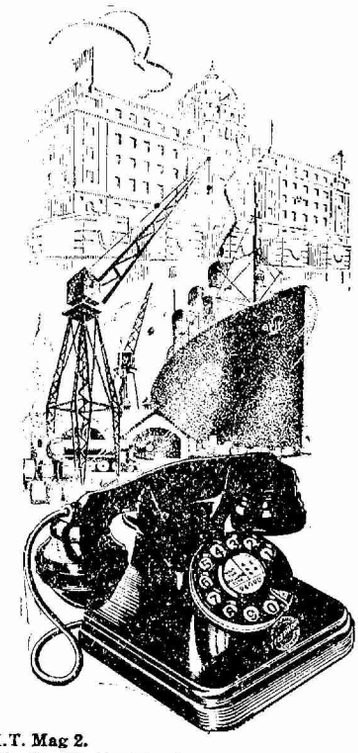

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II. Division of Economic Research

(1) Bureau of Social Economy
(2) Bureau of Industrial Economy
(3) Bureau of Communications
(4) Bureau of Administration
(5) Bureau of Accounts
(6) Bureau of Statistics

All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

71-495

Men and Events

An epidemic of diphtheria has broken out in the river port of Wuhu.

The ninth drawings of the Yellow River Flood Relief Lottery were held at Tientsin Feb. 15.

J. V. Crowe, manager of Ford Motor Company, Exports, Inc., departed last week on a business trip to Hankow.

Dr. Ivan Lee Holt was scheduled to address the Shanghai American University Club at tiffin Feb. 22 on "The Geat American Tradition."

A son was born in London Feb. 18 to Mr. and Mrs. Gordon Morriss. Mr. Morriss is a director of the *North China Daily News*.

The Rev. Mr. Znamensky, 71-year-old Russian priest, suddenly collapsed from heart failure in Hankow Feb. 15, while conducting Mass.

Generel Ho Yao-tsu, Chinese Minister to Turkey, will depart from Shanghai March 13 on the s.s. *Conte Rosso* enroute to his new post.

F. E. Grummon, new U. S. Consul in Dairen, assumed the duties of his office this week. John C. Vincent, former Consul, has been transferred to Nanking.

E. M. Gull, secretary of the China Association, accompanied by Mrs. Gull, are due to arrive here in the ss. *Sarpedon* on March 6, after a holiday in England.

Miss Eleanor Mary Hinder, chief of the industrial section of the Shanghai Municipal Council secretariat, returned this week from a three-months holiday in Australia.

Arnold van Benschoten, United States vice-consul, after more than three years at Dairen will depart for Washington, shortly. Mr. Troy Lawson Perkins now in Tientsin, will succeed him.

Chu Shih-chuan, the newly appointed First Class Secretary to the Chinese Legation in Cuba, will sail for America on the *President Wilson* on March 18 en route to Cuba to assume his duties there.

Owen Lattimore, editor of *Pacific Affairs* magazine published by the Institute of Pacific Relations, will arrive in Shanghai with Mrs. Lattimore about March 10 to 15. They are planning a trip up the Yangtze.

J. Harold Dollar, vice-president of the Dollar Steamship Lines, accompanied by Mrs. Dollar, is scheduled to sail from San Francisco Feb. 22 for Japan and Shanghai, on the ss. *President Hoover*.

Dr. Robert Haas, League of Nations expert, and Mrs. Haas were entertained at Nanking Feb. 15 at a reception at which Chin Fen, secretary general of the National Economic Council, and his wife acted as host and hostes.

Roy Chapman Andrews, American explorer, best known for his expeditions into Mongolia, was scheduled to be married on Feb. 22 to Mrs. Wilhelmina Christmas, widow of the late Frank Christmas. Mr. Andrews is 50 years of age.

Owing to the failure of Ban-fei Zia, sole agent in Shanghai for the Li Chuan Brewery at Chefoo, to whom more than $100,000 is owing, the Bank of China, the principal creditor, has taken over management of the brewery.

The China Geological Society held its eleventh annual meeting at the Geological Survey building in Peiping Feb. 14. Over fifty members were present including Dr. Weng Wen-hao, Hsieh Chia-yung and other well-known geologists.

Hollington K. Tong, former managing director of the *China Press*, addressed the North China Branch of the Royal Asiatic Society in Shanghai Feb. 21 on "The Growth and Development of the Chinese Newspaper Since the Days of the *Peking Gazette*."

Dr. C. T. Wang, former Minister of Foreign Affairs, at the head of a group of prominent Chinese citizens and business leaders, proceeded to the Philippine Islands this week on a sight-seeing and investigation trip for the purpose of promoting trade.

Rober M. Glessner, passenger agent of the Dollar Steamship Line's office in Kobe, and Mrs. Gertrude Blundell, sister-in-law of W. R. Ruckberrough, passenger agent of the Kobe office of the Canadian Pacific Railway Co., were married in said city Feb. 10.

Mgr. Chambon, Archbishop of Tokyo, and Dr. Bechamp, head of the French Medical Mission at Chengtu and formerly acting Consul in said city are among the newly-named Chevaliers of the Legion of Honor, on the recommendation of the French Foreign Office.

The overloading of a ferryboat (*Foolung*) cost the lives of 249 persons, 50 of them soldiers, at Foochow Feb. 16. One woman was rescued, she being the sole survivor of the 250 who crowded the small craft. The owner of the vessel was among those drowned.

A. Sotov, newly-appointed manager of the Shanghai office of the *Tass News Agency*, and Mrs. Sotov arrived here Feb. 19 on the *President Jackson* from Moscow via Japan. Joseph Chernov, manager of the local office since the autumn of 1933, will depart for Moscow early in March.

According to statistics compiled by the National Health Administration, approximately 600,000 persons die in China yearly for the lack of hygienic knowledge and insanitary conditions. The average age of these victims is about 10 years.

An article entitled "Red Failure in Nationalist China," by Wilbur Burton, special correspondent here of the *Baltimore Sun*, appears in the February issue of *Current History*. Some silhouettes of Shanghai by Mr. Burton are scheduled to appear in an early issue of *Asia*.

Capt. Claude C. Browne, formerly Marine language student stationed in Peiping and Manchuria and for the past three years connected with the U.S. Navy Department at Washington, will return to China in April as Assistant Naval Attache at the American Legation.

Miss Mira B. Moon, instructor of English at the Tokyo Eighth Middle School and for over 20 years a resident of Tokyo, who was severely injured in an automobile accident in Aoyama recently, died Feb. 13 at the Japan Red Cross Hospital in Shiba. She was 52 years of age.

Robert H. Berkov, who arrived in Shanghai recently, accompanied by Mrs. Berkov, has joined the staff of United Artists Corporation. Mr. Berkov, who is a graduate of the University of Colorado, was formerly editor of the *Daily Courier*, published at Alamosa, Colo.

The third annual competitive examination for the selection of students to be sent to Great Britain on post-graduate scholarships, provided out of the British Boxer Indemnity Refund, will be held simultaneously in the Capital and Peiping on April 1. The examinations will last six days.

The National Bureau of Weights and Measures, in a recent dispatch to the various Provincial and Municipal organs concerned, instructed that the new system (metric) of weights and measures be widely enforced in the rural districts so that uniformity in the country may be secured as soon as possible.

The death occurred in Canton last week of the Rev. George W. Marshall of the American Presbyterian Mission. The deceased was in his seventieth year, and had expected to retire to the United States later this year. He first came to China in 1895. He is survived by a widow in Canton, two sons and a daughter in America.

Eleven employees of the Nanking branch of the Bank of Communications were taken into custody Feb. 19 on a charge of alleged misappropriation of funds belonging to the Bank. One subsequently was released on bail of $5,000. The remainder, however, are still in custody. It is reported that the amount involved totals over four lakhs.

Dr. P. Orlandini, who has just returned from his trip through Sinkiang, North West China and Mongolia will address the Pan-Pacific Association of Shanghai at the New Asia Hotel in Shanghai, Tuesday, Feb. 26. E. C. Carter, Secretary-General of the Institute of Pacific Relations, and Mrs. Carter, have been invited to be guests of honor.

The Pan-Pacific Association is planning an Easter holiday excursion, from Friday, April 19 to Monday, April 22. Hsueh Tou Shan (Show Mountain), home of General Chiang Kai-shek, and Tien Mu Shan, three hours by motor from Hangchow, may be included in the itinerary. The China Travel Service will have charge of the arrangements.

George Fitch, general secretary of the Foreign Y.M.C.A., who returned to Shanghai last week from a round-the-world tour, made a special study of housing conditions and slum clearing work in America and Europe, particularly as they are applicable to conditions in China. Mr. Fitch takes a keen interest in the model village at Pootung, across the river from Shanghai.

Shanghai Foreign Police Cooperate with City Police Against Communists

A large part of the annual report of the Commissioner of Police published last week was devoted to a description of the measures taken to combat the activities of the Chinese Communist Party during 1934. It was stated that the plans for the "purification of the Communist party," which included the removal of dangerous enemies, resulted in an attempt in June to murder a political agent of the Public Safety Bureau, the murder in September of a person believed to have been formerly a Communist, and the wounding with fatal results in the course of the perpetration of these two crimes of two Chinese constables of the Municipal Police and one constable of the French Police.

The efforts of the Municipal Police in co-operation with the Public Safety Bureau to check Communist activities in the Settlement led to the prosecution of 149 persons and the discovery of 142 addresses which were used as operating bases. One hundred and nine of the accused were transferred to the Chinese authorities, three were handed over to the French Police, one was handed over to the Japanese Consular authorities; four were sentenced to death, two were sentenced to terms of imprisonment, 28 were released on security, while the remaining two were still on remand at the end of the year.

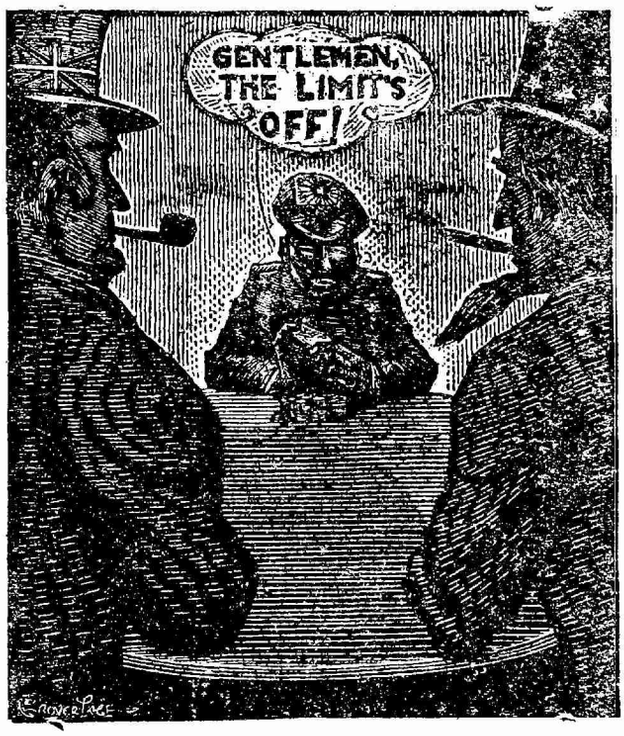
Admiral Osumi Says National Defense Is Best Way to Avert War

A national defense sufficient to prevent a "foreign menace" from threatening national existence is the best way to avert war, Admiral Osumi, Minister of the Navy, stated in reply to a question in a meeting of the Lower House Committee on Deficit Bonds Feb. 16. "National defense and a liking for war are naturally two entirely different questions," General Senjuro Hayashi, minister of war, declared supporting his colleague.

"Wars should not be started and should not be occur unless the fate of the nation is at stake," Admiral Osumi said, answering Ryoichi Gotoh, of the Minseito, who had asked what the Ministers thought of the desirability of "decreasing national concern about a possible war."

Japan May Ask For Reconvening of Preliminary Naval Talks

Japan probably will request the British Government to call for a reopening of the Preliminary Naval Disarmament Conversations "soon," trained observers stated in Tokyo Feb. 16 following the interview held between Vice-Admiral Yamamoto, ranking Japanese naval delegate to the talks and Foreign Minister Hirota.



—Louisville Courier-Journal.

JAPAN'S NEW LEAD

The Japanese Government, these observers hold, apparently believes that further preliminary negotiations with British and American authorities are necessary before a conference can be called to draft a new agreement in view of the wide gap that separates the views on naval disarmament held in Tokyo, Washington and London. The British Government having issued the invitation to the first talks in London which adjourned Dec. 19, a British move will he required for the reconvening of the conversations, they stated.

Chinese Minister Calls on Sir John Simon

Quo Tai-chi, Chinese Minister to England, called on Sir John Simon, the Foreign Secretary, in London, Feb. 19 for the purpose of discussing the foreshadowed conference on political questions in the Pacific.

Chinese Military Mission Arrives in Marseilles

The Chinese Military Mission, headed by General Ling Chih-Shing, Commander of Kwangtung gendarmerie, and General Tu Yi-chien, Director of the Canton Military School, arrived in Marseilles Feb. 16 on board the ss. *Sphinx* from Alexandria. The objective of the mission is to study European military information, for which purpose they will stay two months in France, then will proceed to Great Britain, Germany, and Italy.

INSOMNIA IS NOT A DISEASE

But It Is A Symptom Which

SHOULD NOT BE IGNORED.

When you cannnot sleep at night do not suppose that you are going to cure the trouble by the use of sleep-inducing drugs. These help temporarily only; and their frequent use is definitely harmful. What you need to do is to find out the cause of your wakefulness and to correct that.

Sleeplessness may be the result of a variety of things, but chiefly it is the nerves which are the root of the trouble. Faulty digestion is another cause. Both these conditions have a common cause—they are both the result of poor an insufficient blood.

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Obviously then the right way to correct insomnia is by tonic treatment for the blood, for which purpose Dr. Williams' Pink Pills are unsurpassed.

Both by scientific test and by practical hospital experiments pathologists have established the fact that Dr. Williams' Pink Pills increase the red corpuscle and haemoglobin content of the blood with astonishing rapidity. And the blood stream, thus replenished and revitalized, carries fresh energy, strength and health to the nerves, digestion, brain, in fact to every organ and fibre of the whole system. The blessing of regular, sound, refreshing sleep restored is the immediate outcome.

You can quickly prove this for yourself: Dr. Williams' Pink Pills are obtainable at chemists everywhere.

New Books of Interest in the Far East

The Destiny of Dai Nippon

Empire in the East, edited by Joseph Barnes and including contributions by Mr. Barnes, Owen Lattimore, Frederick V. Field, Carl L. Alsberg, Tyler Dennett, John E. Orchard, Grover Clark, H. Foster Bain, Pearl S. Buck and Nathaniel Peffer; published by Doubleday, Doran & Company, Inc., New York City, U.S.A. 322 *pages.*

Militarism and Fascism in Japan, by O. Tanin and E. Yohan with an introduction by Karl Radek; published by International Publishers, New York City, U.S.A. 320 *pages.*

Japanese Government and Politics, by Harold S. Quigley, Ph.D., LL.D.; published by The Century Company, New York City, U.S.A. 442 *pages.*

Japan's Advance, by James A. B. Scherer, Ph.D.,LL.D.; published by The Hokuseido Press, Tokyo, Japan. 347 *pages,* 71 *photographic illustrations.*

Almost every prevailing viewpoint on the Far Eastern situation is given in these volumes; the first is an expression of current American attitudes; the second presents Japan as seen by Moscow, or least as Moscow wants the world to think Japan appears in Bolshevik eyes; and Professor Scherer's work, although he is an American, is a Japanese propaganda broadcast as the Tokyo imprimatur clearly shows. Professor Quigley's book is mainly an academic study without any particular viewpoint save that of hazy liberalism.

Empire in the East opens with a chapter on "China and the Barbarians" by Mr. Lattimore in the best Lattimorean manner of explaining everything in terms of an esoteric psycho-sinology. We are told, for example, that "Chinese thought and Chinese feeling see profit and technical progress offered at the price only of unsympathetic destruction and a terrifying confusion of moral values." In other words, a Chinees coolie would prefer to push a wheelbarrow with a load of a thousand pounds all day long beneath the blistering sun than have his "moral values" confused by acquiring a Ford moter truck. Now, of course, the coolie would doubtless object to *someone else* acquiring the truck and depriving him of his only known means of livelihood, bad as it is,—but that is something else that has nothing to do with "moral values'.' And doubtless the old order of scholastics, distinguished chiefly by their long pigtails, long gowns, and long fingernails, did find a "terrifying confusion of moral values" in the introduction of western technique that meant the loss of their power and position which had put China in a straitjacket not yet completely torn assunder,—but the scholastics of the European Middle Ages also found the ideas of Galileo similarly "terrifying."

A further momentous contribution to current history is made by Mr. Lattimore. "Even the tradition (in China) that internal weakness or strength is less important to the safety of the state that spreading confusion among the barbarians has not yet been abandoned. This is the only explanation of the fact, otherwise inexplicable in western terms, that so extreme an emergency as the Japanese invasion of Manchuria produced only half-hearted efforts to achieve unity in China, while all Chinese worked with vigor to set against Japan the power of the League of Nations, of Russia, or the United States—of any nation but China."

Now it so happens that while Mr. Lattimore has *all* Chinese working to set the League or somebody else against Japan, upwards of 100,000,000 of them were engaging, willy-nilly, in the interesting albeit ill-fated experiment of attempting to form a more or less Communist state in certain southern provinces—which fact is quite sufficient to explain in western *economic* terms the phenomenon he describes. But, of course, *this* requires some knowledge of economy, and also reduces "all" to the Nanking Government which was preoccupied with the anti-Red warfare.

The role of the Reds in the Far Eastern melange is also neglected by all the other writers, but nevertheless the remaining contributors to *Empire in the East* do shed considerable illumination on events. Mr. Orchard describes Japan's economic handicaps; Mr. Barnes deals with Soviet Siberia; Mr. Field discusses the "Battle of the Bankers;" Mr. Bain points out the decided limitations of the Far East in mineral resources; Mr. Alsberg tells of "The Struggle for Food;" Mrs. Buck writes about the Christian missionaries which she characterizes as allies of imperialism; Mr. Clark outlines markets; Mr. Dennett's subject is "The Open Door;" and Mr. Peffer assays the possibilities of "Peace or War."

In many respects, Mr. Peffer's chapter is the best in the book. He first deals fittingly with Norman Angell's fatuous discovery in *The Great Illusion*—that war does not pay even the victorious nation or nations. "This," as Mr. Peffer says, "is incontrovertible and also irrelevant for practical purposes . . . . It is artificial accounting . . . . There is no national economic whole. The fluid aggregate which goes by that name must be separated into its constituent elements before the motive forces that drive nations can be understood. Then it becomes obvious that there are elements which definitely do profit by the gains of war. In other words, the losses of war are paid by everybody, either in actual losses by destruction or in the form of taxation; the gains fall only to some." Similarly, imperialism (without war) may not profit a nation as a whole, but it does profit certain influential groups who are powerful enough to have their way in foreign as well as in internal affairs. In his conclusion, however, Mr. Peffer indulges in the trite statement that "China must be left free to find its own way into the modern world" —which is a romantic, not a realistic, categorical imperative that can have no effect whatsoever upon those influential groups in the world who profit alike from war and imperialism.

The first part of *Militarism and Fascism in Japan* is an extremely instructive account of the rise of modern capitalism in the country. As the authors point out, "the modern capitalist monopolies of Japan have either originated directly in feudal privileges, or have been reared in later periods by the semi-feudal state." Analysis. in other sections does not seem equally keen to the reviewer, but a wealth of data on the numerous Japanese ultra-chauvinistic organizations is presented. The possibility of a Japanese attack on Russia is, of course, emphasized. In conclusion, the authors think that either Baron Hiranuma's Kokuhonsya or Mr. Adachi's Kokumin Domei has the best opportunity for success if and when the situation arises which calls for an outright Fascist regime.

In the presentation of facts about the purely political aspects of Japan, Professor Quigley leaves little to be desired, but one is amazed at such a statement as this: "It is an encouraging fact that the conservative and imperialist Seiyukai . . . . now faces a vigorous rival in the more liberal and internationalist Minseito . . . . The remarkable popular support of the Minseito is evidence of the growth of democratic consciousness, which the Seiyukai cannot afford to ignore." Sometime soon, the reviewer hopes that a little birdie will whisper in Professor Quigley's ear that the only difference between Seiyukai and and Minseito is the difference between Mitsui and Mitsubishi. There is, to be sure, competition between these two financial giants, and consequently there is competition between their respective political organs,—but when the fight has anything to do with conservatism or imperialism, the only question involved is technique, not objective.

Neither Messrs. Tanin and Yohan nor Professor Quigley appear to have heard of Professor B. H. Chamberlain's essay on "The Invention of a New Religion," which tells of the foisting of Bushido and Emperor-worship of the Japanese people after the so-called "restoration" in 1868, for this important development is not adequately dealt with in either book.

Although, as already stated, the imprimatur of Professor Scherer's book reveals it as Japanese propaganda, it is well worth reading even though such phrases as "Japan's *alliance* with Manchukuo" (reviewer's italics) may strain one's sense of humor. But Professor Scherer's statistics may be regarded as accurate, at least as accurate as government statistics anywhere, and they certainly reveal amazing progress in the land of the Rising Sun. Out of a total of 12,500,000 households, 11,400,000 use electric lights. Illiteracy is practically *nil*, and 99% of the children of school age are in school. In manufacturing, Japan's advance may be most clearly indicated by the item that 20% of the electric light bulbs used in the United States in 1932 were made in Nippon.

However, if a really exact understanding of Japan's economic situation is desired, Professor Scherer's volume should be studied in conjunction with Mr. Orchard's survey in *Empire in the East* or his book on the same subject a few years ago.

In the latter part of his book, Professor Scherer deals with the situation on this side of the Yellow Sea. After delivering himself of the sublime *Obiter dictum* that "the disintergration in China derives mainly from the undermining of the family," he waxes hopefully eloquent about Huang Fu and General Chiang Kai-shek.

"Since Manchukuo has become a tranquil and prosperous reality," he says, "and since Japan has proved her professions by promoting its independent integrity, hope seems to have awakened in the North. The ruling influence there is Huang Fu, who heads the provincial government and is also the personal representatives of Chiang Kai-shek . . . . Huang Fu accepts Manchukuo as a *fait accomple*, and does not reject the hand of amity held out by Japan.

"Real friends of China have no better course open to them than to support Chiang Kai-shek and such of his representatives as Mr. Huang Fu. It says much for them that they are both close friends of Mr. Hirota's. Their policy is the only hopeful policy in the torn and riven China of today . . . .Steadily (since 1927 General Chiang) has shown himself the one strong man in China, whether by his relentless military drives against the devastations of the Communists in the South or by his constructive governmental policies in the North. He favors a *rapprochment* with Japan, but is too good a politician to say much about it at home."

All of which is very interesting in the light of "Japan's advance" recently in Nanking.

W.B.

Ministry of Industry to Compile Book on Agriculture

The Ministry of Industry has decided to compile a book on the development of Agricultural Experimental Stations in the country, based upon the reports of the experts who had been sent to investigate these stations.

Group of Prominent Chinese Departs for Russia via Vladivostok

The steamer *Sever* ("North"), chartered by the Soviet Government, departed from Shanghai Feb. 20 bound for Vladivostok, with a large party of Chinese on board *enroute* to Russia.

Among the passengers who sailed in the *Sever* were: Dr. W. W. Yen, Chinese ambassador to Soviet Russia, and Dr. Mei Lan-fang, and Miss Butterfly Wu, Chinese stage and screen star. Dr. Mei is going in response to a special invitation from the Soviet government, accompanied by a troup of 24 persons including members of his orchestra, a selected group of Chinese stage players to co-act with him, interpreters and other asistants. Prominent among his party is Yu Shang-hang, expert in modern Chinese drama and Chang Peng-chun, a veteran educator. Miss Wu is going to Moscow as one of the representatives of the Star Motion Picture Company. She is accompanied by C. Y. Chow, manager of the Star Motion Picture Company and two other representatives of other Chinese movie concerns. Dr. Mei and Miss Wu Dr. Yen will be accompanied by Dr. Chiao Hsiang-tsung, a noted Chinese physician of Tsingtao, who will be stationed in the Chinese embassy in Moscow to attend Dr. Yen. Other members of Dr. Yen's group consists of Wu Kang, staff member of the Chinese embassy in Moscow; Mrs. Wu Nan-ju, wife of the Chinese charge of affairs in Moscow; Mrs. Hsu Tseng-nien, wife of a Chinese consul-general in Russia; and Tien Kwan-chi, Chinese consul-general in Vladivostok and wife.

Mrs. P. T. Chen, nee Hilda Yen, daughter of Dr. and Mrs. F. C. Yen, will also be leaving with the Chinese ambassador, who is is her uncle, for Moscow, where she will grace the Chinese Embassy as hostess.

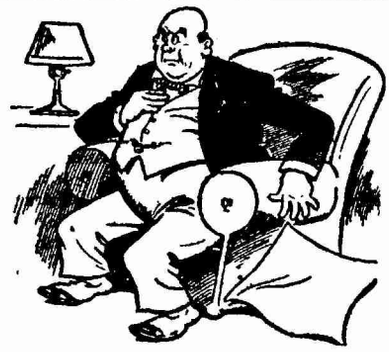
Mei Lan-fang Conducts Benefit Performance

A four-night benefit performance was held at the San Shing theater under the direction of Dr. Mei Lang-fang. The performances were held under the auspices of the National Child Welfare Association of China and the Famine Relief Association of Kiangsu and Chekiang Provinces and netted a handsome sum. The list of the patrons consisted of 99 leading figures of the city, including Dr. H. H. Kung, president of the National Child Welfare Association of China; Chang Ching-king, president of the Famine Relief Association of Kiangsu and Chekiang Provinces and Mayor Wu Te-chen of the Municipality of Greater Shanghai.

W. W. Yen and Mei Lan-fang Extertained

Dr. W. W. Yen, Chinese ambassador to Soviet Russia, and Dr. Mei Lan-fang, were guests of honor at a party given by Li Shih-tseng, veteran Kuomintang leader, and Dr. Chu Min-yi, secretary-general of the Executive Yuan at the International Research Institute on Route Ferguson Feb. 17. Many government and civic leaders were present at the party. Prominent among these were General Huang Fu, chairman of the Peiping Political Affairs Readjustment Committee; Dr. V. K. Wellington Koo, Chinese minister to France; Chang Ching-kiang, member of C.E.C.; Yu Ya-ching, local shipping magnate, and many others.

Dr. W. W. Yen, on the eve of his return to Russia, stated in an interview, that he would break his overland journey at Chita in order to inspect condition among the Chinese residents there. In May, he will pay a visit to Sinkiang, in compliance with the request of General Sheng Shih-tsai, Defence Commissioner for the Sinkiang Border.



Forthat "Too Full" Feeling After Meals

If you are troubled with 'gas,' eructation, flatulence, digestive difficulty, or are constipated, liverish, sick headachy; have a coated tongue, unpleasant breath; try Pinkettes, and you'll be delighted with the speedy help they give. Laxative perfection, mild yet unfailing in effect, Chemists everywhere sell

PINKETTES

THE GENTLE LITTLE
LAXATIVE LIVER REGULATORS

In the United States Court for China

In re. Last Will & Testament of EDWARD BELL, Deceased	Cause No. 3789 Special Proceedings No. 1005. NOTICE Filed at Shanghai, China, January 31, 1935. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of EDWARD BELL, deceased, to present the same with vouchers to the undersigned on or before August 2nd, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

MARY BELL,
Administratrix.
117 Thorne Road,
Shanghai, China.

Shanghai, China.
January 31, 1935.

In the United States Court for China

In re. Estate of SARKIS LEON SAHAKIAN Deceased	Cause No. 3798 Special Proceedings No. 1009 NOTICE Filed at Shanghai, China, February 14, 1935. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of SARKIS LEON SAHAKIAN, deceased to present the same with vouchers to the undersigned on or before August 16, 1935, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Raven Trust Company,
Federal Inc., U. S. A.
Shanghai, China.

Shanghai, February 14th, 1935.

In the United States Court for China

EDWARD JAMES SMITH,
Plaintiff,
vs.
BERNICE BRINK SMITH,
Defendant.

Cause No. 3803
Civil No. 1759
ORDER
Filed at Shanghai, China, January 31, 1935.
William T. Collins, Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, has this 21st day of January, 1935, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 21st day of January, 1935, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 21st day of January, 1935, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor has she resided therein during the past six months and that defendant's last known address was 524 Garden Street, Coeur d'Alene, Idaho, U. S. A.

NOW, THEREFORE, it is this 21st day of January, 1935, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, Shanghai, China, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occuring after the 23rd day of February, 1935, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,

this 21st day of January, 1935.

MILTON J. HELMICK,
Judge.

American Minister Johnson Is Intervieved at Nanking

Nelson T. Johnson, American Minister to China, accompanied by Mrs. Johnson and Master Nelson Beck Johnson, proceeded to Nanking this week. They are due to return to Peiping about middle of next week.

In an interview at Nanking, Mr. Johnson said the questions regarding the removal of the American Legation to Nanking, and the exchange of ambassadors between China and the United States have not as yet been considered by the American Government. Asked in connection with China's proposal for a revision of the Sino-American Commercial Treaty, the American Minister stated that he had not yet received instructions from Washington. Mr. Johnson also touched upon the silver problem. The American Government as well as financial circles in the U.S., said Mr. Johnson, have been trying to settle the question without incurring adverse offsets upon the Far East, but so far no concrete means of solution of the problem have been secured.

CUSTOMS NOTIFICATION No. 1431

The public is hereby notified that in accordance with Government instructions the following ruling with regard to silver imported into China and subsequently re-exported to foreign countries will take effect from the 19th February, 1935:

(1) When silver bullion or Chinese standard dollars are imported from abroad, the amount imported and the date of importation may be registered with the Customs Authorities at the port of importation, who will issue a Certificate which, if it is absolutely necessary for the silver to be subsequently re-exported, may be presented by the original importer to the Ts'ai-chêng Pu and exchanged for an Export Duty-free Huchao to cover the re-exportation of the amount of silver bullion or Chinese standard dollars originally imported.

(2) Silver bullion or Chinese standard dollars re-exported under cover of the above Huchao will be exempt from payment of the additional Export Duty and Equalisation Charges, the levy of which commenced on the 15th October, 1934, and will pay duty at the rate of 2.25% *ad valorem* only.

(3) The amount of each consignment of silver bullion thus imported shall not be less than 500,000 ounces or its equivalent in Chinese standard dollars.

H. O. Tong,
Superintendent of Customs.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 19th February, 1935.

Czech, Accused of White Slaving, Deported from Japan

A foreigner giving his name as Vladimir Heger, whom the police say is an active member of an international gang of "white slavers" was ordered deported from Japan this week and put on a steamer for Shanghai. The accused is of Czech origin and formerly conducted a dental office here.

The deportation of this Czech from Japan follows investigations which have been made by the police in Shanghai and Harbin, which reveal an extensive traffic in women and girls. At a recent meeting of the United Russian Public organizations mention was made of the fact that said organization had received a communication from the Secretariat of the League of Nations at Geneva requesting it to investigate the situation in regard to the traffic in Russian women and children in the Far East and to submit to the League a concrete scheme for their relief. However, it was the consensus of the meeting that this problem affects not only Russian women and girls but also all foreign women and girls residing in Shanghai who, though less numerous, may also find themselves often in the same hard position as the Russians. The feeling of the Russian community is that if any practical measure is to be devised for the protection of Russian women its benefit must be extended to all of them without regard to their nationalities. The Council also considers that without obtaining the opinion of all interested foreign organizations, and the representatives of the Shanghai Jewish Community, which forms an integral part of the Russian colony, it would not be justified in making any suggestions to the League. L. Glaboff, the chairman, informed the meeting that in reply to his requests he was assured by the Bureau of Public Safety, City Government of Greater Shanghai, and the Municipalities of the International Settlement and French Concession that any possible assistance would be given to the Committee.

Nanking British Consulate to Erect Additional Buildings

A spokesman of the British Consulate-General at Nanking in reply to a Chinese reporter, denied the press report that the Consulate-General will remove to a larger building in the near future, but admitted that it is planning to erect additional houses in its vicinity with a view to providing accomodation for Sir Alexander Cadogan, British Minister to China, who is expected to pay frequent visits to Nanking in the future.